



CITY COUNCIL/SUCCESSOR AGENCY TO THE COVINA
REDEVELOPMENT AGENCY/COVINA PUBLIC FINANCING
AUTHORITY/COVINA HOUSING AUTHORITY JOINT MEETING
AGENDA

Tuesday, February 6, 2024, 6:30 p.m.
125 E. College Street, Covina, California
Council Chamber of City Hall

IMPORTANT NOTICE

Members of the public may view the meeting live on the City's website at www.covinaca.gov or on local cable television, Spectrum channel 29 and Frontier Channel 42. To view from the website, hover over the Departments & Services tab until the drop-down menu appears and click on City Council Video Library under the City Council header. A live banner will appear at the start of the meeting.

Public Comments: *During the meeting, there will be an opportunity for the public to speak. Public testimony is limited to five (5) minutes per speaker, unless, for good cause, the Mayor/Chairperson amends the time limit; a speaker's time may not be transferred to another speaker. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed.*

To address the Council/Agency/Authority please complete a yellow speaker request card located at the entrance of the Council Chamber and give it to the City Clerk. Your name will be called when it is your turn to speak.

Meeting Assistance Information: In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's Office at cityclerk@covinaca.gov or 626-384-5430. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Pages

CLOSED SESSION

CALL TO ORDER

Council/Agency/Authority Members: Patricia Cortez, Hector Delgado, Victor Linares, Mayor Pro Tem/Vice Chair John King, and Mayor/Chair Walter Allen, III

PUBLIC COMMENTS

The public is invited to comment on Closed Session items only at this time. To address the Council/Agency/Authority please complete a yellow speaker request card located at the entrance and give it to the City Clerk. Your name will be called when it is your turn to speak. Individual speakers are limited to five minutes each, unless, for good cause, the Mayor/Chairperson amends the time limit.

CLOSED SESSION

The City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Covina Housing Authority will adjourn to closed session for the following:

A. Government Code § 54957.6 – CONFERENCE WITH LABOR NEGOTIATORS

Agency Designated Representative:

Christopher Marcarello, City Manager, Anita Agramonte, Administrative Services Director and Suzanne Stone, Deputy Director of Administrative Services-HR

Update on ongoing negotiations with the various Employee Organizations:

American Federation of State, County and Municipal Employees (AFSCME); Police Association of Covina (PAC); Police Management Group (PMG); and Police Supervisors of Covina (PSC), and discussions with Unrepresented Employees: Mid-Management, Supervisory and Professional, and Confidential and Technical Employees

B. Government Code § 54956.9(d)(4) – CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION

Initiation of litigation pursuant to Government Code section 54956.9(d)(4): One Matter

RECESS

JOINT MEETING—OPEN SESSION 7:30 PM

RECONVENE AND CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

Led by Mayor Pro Tem King.

INVOCATION

Given by Covina Police Chaplain Chuck Cannizzaro.

CLOSED SESSION REPORT

PRESENTATIONS - NONE

PUBLIC COMMENTS

To address the Council/Agency/Authority please complete a yellow speaker request card located at the entrance and give it to the City Clerk. Your name will be called when it is your turn to speak. Those wishing to speak on a LISTED AGENDA ITEM will be heard when that item is addressed. Those wishing to speak on an item NOT ON THE AGENDA will be heard at this time. State Law prohibits the Council/Agency/Authority Members from taking action on any item not on the agenda. Individual speakers are limited to five minutes each, unless, for good cause, the Mayor/Chairperson amends the time limit.

COUNCIL/AGENCY/AUTHORITY COMMENTS

Council/Agency/Authority Members wishing to make any announcements of public interest or to request that specific items be added to future Council/Agency/Authority

agendas may do so at this time.

CITY MANAGER COMMENTS

CONSENT CALENDAR

All matters listed under consent calendar are considered routine, and will be enacted by one motion. There will be no separate discussion on these items prior to the time the Council/Agency/Authority votes on them, unless a member of the Council/Agency/Authority requests a specific item be removed from the consent calendar for discussion.

CC 1. Minutes

7

Staff Recommendation:

Approve the Minutes of the December 19, 2023, Regular Meeting of the City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Housing Authority.

CC 2. Minutes

15

Staff Recommendation:

Approve the Minutes of the January 16, 2024, Regular Meeting of the City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Housing Authority.

CC. 3 Payment of Demands

21

Staff Recommendation:

Approve Payment of Demands in the amount of \$4,132,091.10.

CC 4. Annual Comprehensive Financial Report (ACFR) for Fiscal Year Ended June 30, 2023

29

Staff Recommendation:

Receive and file the following reports for Fiscal Year ended June 30, 2023: (1) Annual Comprehensive Financial Report (ACFR) and related Auditor Communications, (2) Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit, and (3) the Single Audit of Federally Assisted Grant Programs.

CC 5. Resolution CC 2024-04 – A Resolution of the City Council of the City of Covina, California, Setting Fees Relating to Sidewalk Vendors, Food Trucks, and Sidewalk Vending Permits

255

Staff Recommendation:

Adopt Resolution CC 2024-04.

CC 6. Request to approve revisions to the Covina Residential Rehabilitation Grant/Loan Program Handbook for participants of the Community Development Block Grant (CDBG) Residential Rehabilitation Program

259

Staff Recommendation:

Approve revisions to the Covina Residential Rehabilitation Grant/Loan Program Handbook for participants of the Community Development Block Grant (CDBG) Residential Rehabilitation Program.

CC 7. Resolution CC 2024-03 Accepting the Public Improvements Associated with Parcel Map No. 82493 Located at 667 E. Puente Street

351

Staff Recommendation:

Adopt Resolution CC 2024-03 accepting the public improvements associated

with Parcel Map No. 82493 located at 667 E. Puente Street.

CC 8. Traffic Signal Improvements Project – Barranca Avenue and Covina Boulevard (Project No. P2308) – Final Acceptance and Filing Notice of Completion 355

Staff Recommendation:

1. Accept the work performed by PTM General Engineering Services, Inc.; and
2. Authorize the City Clerk to file a Notice of Completion for the Traffic Signal Improvements Project at Barranca Avenue and Covina Boulevard (Project No. P2308).

CC 9. Amendment to the Inspection and Confidentiality Agreement between Frontier California Inc. and the City of Covina Relating to the Properties Located at 175 E. Center Street and 176 E. Badillo Street 359

Staff Recommendation:

Authorize the City Manager to execute an Amendment to the Inspection and Confidentiality Agreement.

CC 10. Purchase of Mobile Data Computers 375

Staff Recommendation:

Approve Purchase of ten (10) Mobile Data Computers (MDCs) from DuraTech USA, Inc. in the amount of \$55,303.19.

CC 11. Resolution CC 2024-06 Authorizing Acceptance of Grant Funds, and Award of Professional Services Contracts for Facilitation of the Royal Oak Middle School Greening and Forestry Planning Grant Project 379

Staff Recommendation:

Adopt Resolution CC 2024-06 and approve Professional Services Agreements with Active SGV, Five Point Design, and CEJ Engineers for the facilitation of the project.

CC 12. Resolution Accepting \$100,000 in State Funding to Purchase Portable Radios 471

Staff Recommendation:

1. Adopt Resolution CC 2024-05 accepting \$100,000 in State Assembly Funding and increase the Police Department’s 2023-24 budget appropriation by same amount; and
2. Approve the purchase of Motorola radio equipment in the amount of \$105,707.

CC 13. One Year Extension of the Agreement with Professional Account Management LLC 477

Staff Recommendation:

Approve the Third Amendment to the agreement with Professional Account Management LLC for a one (1) year extension to provide parking citation processing and collections services; and authorize the City Manager to execute the amendment.

CC 14. Agreement between the City of Covina and Converse Consultants for Environmental Testing at 176 E. Badillo Street 481

Staff Recommendation:

Authorize the City Manager to enter into a Professional Services Agreement with Converse Consultants and execute all related documents.

PUBLIC HEARINGS - NONE

CONTINUED BUSINESS - NONE

NEW BUSINESS

NB 1. Consideration to Amend Covina Municipal Code Section 2.04 Related to City Council Compensation and Adopt Resolution CC 2024-07 Related to Elected Officials Compensation Pursuant to Senate Bill 329

511

Staff Recommendation:

Waive full reading and introduce Ordinance 24-01, entitled An Ordinance of the City Council of the City of Covina, California, Amending Chapter 2.04 of the Covina Municipal Code to Add a New Section Pertaining to Compensation of the Mayor and City Councilmembers pursuant to Senate Bill 329 and Adopt Resolution CC 2024-07, Related to Elected Officials Compensation.

ADJOURNMENT

The Covina City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Covina Housing Authority will adjourn to its next regular meeting of the Council/Agency/Authority scheduled for February 20, 2024, at 6:30 p.m., for closed session and at 7:30 p.m. for open session inside the Council Chamber at City Hall, located at 125 East College Street, Covina, California, 91723.



**CITY COUNCIL/SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT
AGENCY/COVINA PUBLIC FINANCING AUTHORITY/COVINA HOUSING
AUTHORITY JOINT MEETING
MINUTES**

December 19, 2023, 6:30 p.m.
125 E. College Street, Covina, California
Council Chamber of City Hall

Councilmembers Present: Councilmember Patricia Cortez
Councilmember Hector Delgado
Councilmember Victor Linares
Mayor Pro Tem/Vice-Chair John C. King
Mayor/Chair Walter Allen, III

Staff Present: City Clerk Drew Aleman (Elected Member)
City Manager Chris Marcarello
City Attorney Candice K. Lee
Police Chief David Povero
Administrative Services Director Anita Agramonte
Community Development Director Brian Lee
Parks & Recreation/Library Services Director Lisa Evans
Public Works Director Andy Bullington
Deputy City Manager Angel Carrillo
Chief Deputy City Clerk Fabian Velez

Staff Absent: City Treasurer Neil Polzin (Elected Member)

CLOSED SESSION

1. CALL TO ORDER

Mayor Allen called the Council/Agency/Authority meeting to order at 6:45 p.m. with all Councilmembers present.

2. PUBLIC COMMENTS

There were no public comments.

3. CLOSED SESSION

Mayor Allen recessed the Council to Closed Session at 6:46 p.m.

3.a Government Code § 54956.9(d)(1) – CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION

Name of case: Adam Chacon v. City of Covina, LA County, et al.; Case No: 21STCV00245

3.b Government Code § 54956.9(d)(2) – CONFERENCE WITH LEGAL COUNSEL - POTENTIAL LITIGATION

Significant exposure to litigation: One potential case regarding BKK Corporation Landfill in West Covina, California”

JOINT MEETING—OPEN SESSION 7:30 PM

4. RECONVENE AND CALL TO ORDER

Mayor Allen called the Council/Agency/Authority meeting to order at 7:32 p.m. with all Councilmembers present.

5. ROLL CALL

6. PLEDGE OF ALLEGIANCE

Led by Mayor Allen.

7. INVOCATION

Given by Police Chaplain Chuck Cannizzaro.

8. CLOSED SESSION REPORT

City Attorney Lee announced that direction was given to staff and no reportable action was taken for Closed Session Item #3.a and the City Council unanimously authorized entering into a sixth tolling agreement with BKK West and authorized City Manager to execute the tolling agreement on behalf of the City for Closed Session Item #3.b.

9. PRESENTATIONS

9.a Charter Oak Advanced Choir Ensemble "ACE"

Rebecca Portnoy, Choir Director for Charter Oak Unified School District, and the Charter Oak Advanced Choral Ensemble "ACE" performed several songs.

10. PUBLIC COMMENTS

Dora Gomez of God Provides Ministry – Pomona Valley Food Bank and Project 29:11 Covina thanked the City Council, Police Department, and Los Angeles County Fire Department for their continued support and provided a recap on the programs provided by Project 29:11 including the food bank, children's Christmas play production, and Toys for Tots drive.

11. COUNCIL/AGENCY/AUTHORITY COMMENTS

Mayor Pro Tem King wished the community happy holidays and a wonderful, warm, and merry Christmas.

Councilmember Delgado welcomed everyone and wanted to recognize Commissioner Eloy Flores and thank him and every resident for the get well wishes. He also wished everyone happy holidays and a happy new year.

Councilmember Cortez spoke about her recent experience helping Luminate Church pass out toys and thanked Ms. Gomez for inviting her to the event. She also noted that this event, along with the work of other nonprofits and community groups show how Covina comes together and thanked Covina residents for stepping up. Councilmember Cortez wished everyone happy holidays, Christmas, and new year.

Councilmember Linares thank Mayor Pro Tem King and Councilmember Delgado for being present. He also stated that it was a great honor to be a part of the City Council. He noted that the holidays in the City get better every year and he hopes to continue to see this in the future. Councilmember Linares wished everyone happy holidays and reminded the community to stay safe.

Mayor Allen expressed his appreciation for the Parks & Recreation staff for the recently held Candy Cane Citrus 1.5k Walk and the Covina Concert Band for bringing the right spirit to the season. He wished everyone a merry Christmas, happy Hanukkah, and happy Kwanzaa. Mayor Allen gave a shout out to Public Works Director Bullington and his team for wrapping up sidewalk improvements along Azusa Avenue. He also expressed his excitement regarding the item authorizing the publication to solicit bids for the construction of the Covina Recreation Village and noted what an accomplishment it was to work with the Los Angeles Building Trades Association to hire locally for the project. He then stated that the City Council is the best he has worked with in 26 years of service due to the prioritizing of interests of the people of Covina. He also thanked City staff for a remarkable job of helping move the City forward.

12. CITY MANAGER COMMENTS

City Manager Marcarello stated that it is a pleasure to work under the City Council's leadership. He also announced that City Hall will be closed the week between Christmas and New Year's but emergency services will still be available and trash services will be delayed by one day. City Manager Marcarello then noted that Consent Calendar Item #13.i includes updates to staff compensation to bring them closer to market rates and grant funding and special revenues will be utilized to cover some of these costs. These changes include three Executive classifications, the Community Development Director, Deputy City Manager, and Parks & Recreation/Library Services Director, with a salary range from

\$12,458 - \$17,058. City Manager Marcarello also requested to be recused from Consent Calendar Item #13.k.

13. CONSENT CALENDAR

City Attorney Lee, pursuant to the Brown Act, noted that Consent Calendar Item #13.k contains a recommendation to approve the third amendment to the City Manager Employment Agreement from an Ad Hoc Committee with changes being made to compensation, leave accruals, and severance.

13.a Payment of Demands

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

Approve Payment of Demands in the amount of \$2,260,431.83

Approved (5 to 0)

13.b City of Covina Investment Report for Month Ended November 30, 2023

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

Receive and File.

Approved (5 to 0)

13.c Azusa Avenue Sidewalk Renovation Project from Arrow Highway to Badillo Street – Final Acceptance and Filing Notice of Completion

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

1. Accept the work performed by FS Contractors, Inc.; and
2. Authorize the City Clerk to File a Notice of Completion for the Azusa Avenue Sidewalk Renovation Project

Approved (5 to 0)

13.d Confirm and Approve City Council’s Appointments to Various City of Covina Boards and Commissions

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

Approve the City Council’s appointments to various City of Covina Boards and Commissions.

Approved (5 to 0)

13.e Community Workforce Agreement and Authorization to Solicit Bids for the Covina Recreation Village located at 640-680 N Citrus Avenue

Councilmember Delgado thanked the City Manager and staff for working with the Los Angeles/Orange Counties Building and Construction Trades Council to put together the Community Workforce Agreement. He noted that this is the first time

the City will be able to prioritize the skilled labor of its own residents to work on a City Project.

Mayor Allen echoed Councilmember Delgado's sentiments.

Motion made by: Councilmember Cortez

Seconded by: Mayor Allen

1. Authorize the City Manager, or designee, to execute all related documents between the City of Covina and Los Angeles/Orange Counties Building and Construction Trades Council and the Signatory Craft Councils and Local Unions for a “Community Workforce Agreement” for the Covina Recreation Village Project; and
2. Authorize the City Engineer to Advertise and Release a Request for Bids for the Covina Recreation Village Project, Located at 640 – 680 N. Citrus Avenue.

Approved (5 to 0)

13.f Request to Cancel the Regular City Council Meeting of January 2, 2024

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

That the City Council consider cancelling the regular scheduled City Council Meeting of January 2, 2024.

Approved (5 to 0)

13.g Adoption of Ordinance 23-11

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

That the City Council adopt Ordinance 23-11, entitled “An Ordinance of the City Council of the City of Covina, California, Approving Zoning Code Amendment (ZCA) 23-008 by Amending Chapter 17.59 (“Mixed-Use Overlay District (MUOD)”) and Chapter 17.31 (“Affordable Housing and Mixed-Use Overlay District (AHMUOD)”) of Title 17 (“Zoning”) of the Covina Municipal Code, Regarding Minimum Parcel Size and Density Requirements, and the Adopted Mitigated Negative Declaration (MND) with the Mitigation Reporting and Monitoring Program (MMRP) Provides Environmental Clearance for the Proposed Changes and That No Further Environmental Review is Needed Under the California Environmental Quality Act (CEQA) Guidelines”.

Approved (5 to 0)

13.h Resolution CC 2023-128, Authorizing the Covina Police Department to Obtain Summary Criminal History Information Related to the Commercial Cannabis Application Process

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

That the City Council adopt Resolution CC 2023-128 and authorize the City Manager to make non-substantive modifications as may be required by the Department of Justice.

Approved (5 to 0)

13.i Amendments to City Classification Plan

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

That the City Council adopt Resolution CC 2023-134 to:

1. Amend the Citywide Staffing Position Control;
2. Establish job descriptions and salary ranges for specified positions; and
3. Authorize the City Manager to execute a Side Letter of Agreement with the American Federation of State, County and Municipal Employees Bargaining Unit.

Approved (5 to 0)

13.j Appropriate Information Technology Internal Service Funds for Migration Services for Microsoft 365, Microsoft Servers and Other Technology Platforms

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

Adopt Resolution CC 2023-133, appropriating funds for information technology software upgrades and migration services and authorizing the use of the City's information technology consultant, Acorn Technology Services, to assist with migration activities.

Approved (5 to 0)

13.k Approval of Third Amendment to City Manager Employment Agreement Between the City of Covina and Christopher Marcarello

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

Approve the Third Amendment to City Manager Employment Agreement between the City of Covina and Christopher Marcarello

Approved (5 to 0)

14. CONTINUED PUBLIC HEARING

14.a Final REIR Certification and Entitlement Applications for a Proposed Mixed-Use Development Project at 1000 N. Azusa Avenue

The agenda report was provided by Planning Manager Mercy Lugo, Community Development Director Lee, CEQA Consultant Frankie Tong from Michael Baker International, and Project Applicant Chad Brown from Melia Homes.

Questions and discussion included setbacks, visual encroachments, negative feedback received, the development of the third commercial pad, the development agreement, and the progress of the Project. Councilmembers stressed the importance of the developer completing the commercial portion of the project in tandem with the residential components. They further discussed the structure of the development agreement, noting that the developer must move through construction according to an expedited timeline and the potential consequences and financial penalties should delays occur.

Project Applicant Representative Allan Liu from PKL was present to answer questions. He indicated that PKL intends to move forward on the commercial development according to the identified timeline outlined in the development agreement.

Eloy Flores commented regarding traffic concerns, electric vehicle charging stations, and solar panel capabilities. Project Applicant Brown responded to the comments and informed the City Council that, per California Building Code Standards, solar panels and electric vehicle charging stations will be included in the Project.

Mayor Allen closed the public hearing.

Motion made by: Councilmember Linares

Seconded by: Mayor Pro Tem King

1. Approve Resolution CC 2023-119, to certify the Final Revised EIR, Findings of Facts, and the adoption of the Mitigation Monitoring & Reporting Program (MMRP); and
2. Approval of the following entitlement applications:
 - a. Resolution CC 2023-120 – General Plan Amendment (GPA) 22-1
 - b. Resolution CC 2023-121– Covina Village Specific Plan (SP) 22-1
 - c. Ordinance 23-12 – Zone Change (ZCH) 22-7
 - d. Ordinance 23-13 – Development Agreement
 - e. Resolution CC 2023-122 – Vesting Tentative Tract Map (VTTM) 82315
 - f. Resolution CC 2023-123 – Vesting Tentative Parcel Map (VTPM) 84018
 - g. Resolution CC 2023-124 – Conditional Use Permit (CUP) 22-7
 - h. Resolution CC 2023-125 – Conditional Use Permit (CUP) 22-8
 - i. Resolution CC 2023-126 – Conditional Use Permit (CUP) 22-9
 - j. Resolution CC 2023-127 – Site Plan Review (SPR) 22-226

Approved (4 to 0); Delgado Absent

15. PUBLIC HEARINGS

15.a Ordinance 23-14, Amending Regulations Regarding Peddlers, Sidewalk Vendors and Mobile Food Facilities and Making a Determination of Exemption Under CEQA

Mayor Allen opened the public hearing.

The agenda report was provided by James Eckart, City Prosecutor.

Questions and discussion included how fines will be applied, what enforcement can look like, what assistance will be provided through the Los Angeles County Department of Health, staffing resources, the safety of the workers, and what additional legislation may arrive later.

There were no public comments.

Mayor Allen closed the public hearing.

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Linares

That the City Council:

1. Introduce Ordinance 23-14, amending Section Chapter 5.90 of the Covina Municipal Code Regarding Regulations of Peddlers, Sidewalk Vendors and Mobile Food Facilities; and
2. Determine that these actions are exempt from the California Environmental Quality Act.

Approved (4 to 0); Delgado Absent

16. ADJOURNMENT

At 9:39 p.m., the Covina City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Covina Housing Authority adjourned to its next regular meeting of the Council/Agency/Authority scheduled for Tuesday, January 16, 2024, at 6:30 p.m., for closed session and 7:30 p.m., for open session in the Council Chamber located inside of City Hall, 125 East College Street, Covina, California, 91723.

Fabian Velez, Chief Deputy City Clerk

Walter Allen III, Mayor/Chair



**CITY COUNCIL/SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT
AGENCY/COVINA PUBLIC FINANCING AUTHORITY/COVINA HOUSING
AUTHORITY JOINT MEETING
MINUTES**

January 16, 2024, 7:30 p.m.
125 E. College Street, Covina, California
Council Chamber of City Hall

Councilmembers Present: Councilmember Hector Delgado
Mayor Pro Tem/Vice-Chair John C. King
Mayor/Chair Walter Allen, III

Councilmembers Absent: Councilmember Patricia Cortez
Councilmember Victor Linares

Staff Present: City Clerk Drew Aleman (Elected Member)
City Manager Chris Marcarello
City Attorney Candice K. Lee
Police Chief David Povero
Administrative Services Director Anita Agramonte
Community Development Director Brian Lee
Parks & Recreation/Library Services Director Lisa Evans
Public Works Director Andy Bullington
Deputy City Manager Angel Carrillo
Chief Deputy City Clerk Fabian Velez

Staff Absent: City Treasurer Neil Polzin (Elected Member)

CLOSED SESSION

1. CLOSED SESSION - WAS NOT HELD

JOINT MEETING—OPEN SESSION 7:30 PM

2. CALL TO ORDER

3. ROLL CALL

4. PLEDGE OF ALLEGIANCE

Led by Councilmember Delgado.

5. INVOCATION

Given by Covina Police Chaplain Ron Butler.

6. PUBLIC COMMENTS

There were no public comments.

7. COUNCIL/AGENCY/AUTHORITY COMMENTS

Mayor Pro Tem King welcomed everyone back and thanked the community for the prayers and kind words received regarding his medical complications.

Mayor Allen highlighted an incident that had recently occurred in which two Covina Police Officers successfully deescalated a disturbance during a church sermon. Police Chief Povero informed Mayor Allen that the two officers involved were Officers Cole Hagle and Pedro Sanchez. Mayor Allen thanked the two officers, as well as the rest of the Covina Police Department and Police Chief Povero.

8. CITY MANAGER COMMENTS

City Manager Marcarello informed the City Council and residents that a new website has been launched for the City and thanked everyone for their patience as it rolls out.

9. CONSENT CALENDAR

Mayor Allen highlighted items on the Consent Calendar including: Item #9.f, finalizing the installation of a digital marquee on the Covina Center for Performing Arts; Item #9.g, partnering with the City of West Covina for grant funded traffic signal improvements at Lark Ellen Ave. and Badillo St.; Item #9.i, regarding illicit street vending; Item #9.j, accepting grant funds to streamline applying for solar permits; and Item #9.l, leasing the restaurant space located next to the Covina Laugh Factory.

9.a Minutes

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Approve the Minutes of the December 5, 2023, Regular Meeting of the City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Housing Authority.

Approved (3 to 0); Cortez & Linares Absent

9.b Payment of Demands

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Approve Payment of Demands in the amount of \$7,089,816.34.

Approved (3 to 0); Cortez & Linares Absent

9.c Recognized Obligation Payment Schedule (ROPS 24-25), Covering July 1, 2024 through June 30, 2025

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Approve the Recognized Obligation Payment Schedule (ROPS 24-25) covering July 1, 2024, through June 30, 2025.

Approved (3 to 0); Cortez & Linares Absent

9.d City of Covina Investment Report for Month Ended December 31, 2023

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Receive and File.

Approved (3 to 0); Cortez & Linares Absent

9.e Approval of Part-Time Salary Range Adjustments Subject to Minimum Wage and Revised Paid Sick Leave Policy for Part-Time Employees

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Approve salary range adjustments for classifications affected by the State mandated minimum wage increases effective January 1, 2024, as per Labor Code Section 1182.12(c)(3)(A) and approve the revised Administrative Policy for Paid Sick Leave for Part-Time Employees per Senate Bill 616.

Approved (3 to 0); Cortez & Linares Absent

9.f Covina Performing Arts Center's Digital Marquee Sign Project – Project No. F2404 - Final Acceptance and Filing Notice of Completion

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

1. Accept the work completed by Eagle Signs, Inc; and
2. Authorize the City Clerk to file a Notice of Completion for the Covina Performing Arts Center's Digital Marquee Sign Project – Project No. F2404.

Approved (3 to 0); Cortez & Linares Absent

9.g Memorandum of Understanding (MOU) between the City of Covina and the City of West Covina for the Traffic Signal Improvements Project – Lark Ellen Avenue/Badillo Street

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

1. Approve the Memorandum of Understanding (MOU) between the City of Covina and the City of West Covina for the Traffic Signals Improvement Project – Lark Ellen Avenue/Badillo Street; and
2. Authorize the City Manager or his/her designee to execute any necessary amendments to the MOU.

Approved (3 to 0); Cortez & Linares Absent

9.h Adoption of Ordinances 23-12 and 23-13

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

1. Adopt Ordinance 23-12 12 entitled, “An Ordinance of the City Council of the City of Covina, California, adopting Zone Change (ZCH) 22-7, amending the official zoning map of the city of Covina by changing the zone designation from commercial highway (C-4) zone to “Covina Village Specific Plan (CVSP) designation, with two (2) planning areas: CVSP planning area 1 - (Townhome Residential) and CVSP planning area 2 - (commercial);” for the proposed Covina Village Mixed use development on an approximately 8.0-acre site generally located at 1000 n. Azusa Avenue (APNS 8421-001-016 and 8421-001-061)”;
2. Adopt Ordinance 23-13 entitled “An Ordinance of the City Council of the City of Covina, California, approving Development Agreement (DA), pursuant to Government Code Section 65864 et. seq., a development agreement between the city of Covina and PKL, LLC;” for the proposed Covina Village Mixed use development on an approximately 8.0-acre site generally located at 1000 n. Azusa Avenue (APNS 8421-001-016 and 8421-001-061)”.

Approved (3 to 0); Cortez & Linares Absent

9.i Adopt Ordinance 23-14

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Adopt Ordinance 23-14 entitled, “An Ordinance of the City Council of the City of Covina, California Amending Chapter 5.90 (“Sidewalk Vendors and Mobile Food Facilities”) of the Covina Municipal Code”.

Approved (3 to 0); Cortez & Linares Absent

9.j Resolution CC 2024-02 Authorizing the Acceptance of Grant Funds and Authorizing the City Manager to Enter into Contract with the California Energy Commission to Facilitate an Automatic Permitting Program for Solar Residential Projects

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Staff recommends the approval of Resolution CC 2024-02.

Approved (3 to 0); Cortez & Linares Absent

9.k Vehicle Purchase

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

Approve the purchase of a new vehicle in the amount of \$32,319.23.

Approved (3 to 0); Cortez & Linares Absent

9.l Restaurant Space Lease Agreement – 100 North Citrus Avenue

Motion made by: Councilmember Delgado

Seconded by: Mayor Pro Tem King

That the City Council approve a lease agreement with Bear Sausage Co., LLC for the operation of a restaurant at 100 N. Citrus Avenue and authorize the City Manager to make any non-substantive changes that may be required prior to finalizing and executing the agreement.

Approved (3 to 0); Cortez & Linares Absent

10. PUBLIC HEARINGS

10.a Consideration of Fiscal Year 2024-2025 Community Development Block Grant (CDBG) Program Budget

Mayor Allen opened the public hearing.

The agenda report was provided by Management Analyst Alice Leung.

In response to an inquiry from Mayor Pro Tem King, City Manager Marcarello and Community Development Director Lee informed the City Council that while the City meets the qualifications of an entitlement city, there is currently an agreement in place with the County of Los Angeles and the topic may be revisited closer to expiration.

There were no public comments.

Mayor Allen closed the public hearing.

Motion made by: Mayor Pro Tem King

Seconded by: Councilmember Delgado

1. Open the public hearing and receive public testimony;
2. Close the public hearing;
3. Consider approval of the FY 2024-2025 CDBG program budget as recommended in Column C of the Table on Attachment A with the provision that: a) the allocation be adjusted based on the final allocation as determined by the Los Angeles County Development Authority (LACDA), with a maximum of 15 percent of funding allocated for public service programs;
4. Adopt Resolution CC 2024-01, authorizing the allocation of the Fiftieth Year CDBG funds for FY 2024-2025; and
5. Authorize the City Manager or his designee to execute the documents related to the FY 2024-2025 CDBG funds.

Approved (3 to 0); Cortez & Linares Absent

11. ADJOURNMENT

At 7:54 p.m., the Covina City Council/Successor Agency to the Covina Redevelopment Agency/Covina Public Financing Authority/Covina Housing Authority adjourned to its next regular meeting of the Council/Agency/Authority scheduled for Tuesday, February 6, 2024, at 6:30 p.m., for closed session and 7:30 p.m., for open session in the Council Chamber located inside of City Hall, 125 East College Street, Covina, California, 91723.

Fabian Velez, Chief Deputy City Clerk

Walter Allen III, Mayor/Chair



CITY OF COVINA AND SUCCESSOR AGENCY TO THE COVINA REDEVELOPMENT AGENCY AGENDA ITEM REPORT

ITEM NO. CC 3

Meeting: February 6, 2024
Title: Payment of Demands
Presented by: Anita Agramonte, Administrative Services Director
Recommendation: Approve Payment of Demands in the amount of \$4,132,091.10.

EXECUTIVE SUMMARY/BACKGROUND:

Attached is a list of warrants and demands which are being presented for approval and are summarized as follows:

Accounts Payable Warrants December 29, 2023 – January 11, 2024

CITY checks/EFTs	\$ 3,178,439.08
CITY payroll	\$ 931,314.43
CITY voids	\$ -
Worker’s Comp	\$ 16,722.25
	<u>\$ 4,126,475.76</u>
SACRA checks/EFTs	\$ 1,017.46
SACRA payroll	\$ 4,597.88
	<u>\$ 5,615.34</u>
TOTAL checks/EFTs	<u>\$ 4,132,091.10</u>

DISCUSSION:

The attached reports have been reviewed by the Administrative Services Director.

FISCAL IMPACT:

Sufficient funding is available and the related costs are included in the Fiscal Year 23/24 Budget.

Respectfully submitted,

 Anita Agramonte
 Administrative Services Director

CITY OF COVINA
Check Register
Dec 29, 2023 - Jan 11, 2024

Check #	Check Date	Vendor	Name	Amount
5925	12/01/2023	5438	BMO	27,572.03
5926	01/04/2024	4003	MidAmerica	1,319.65
5927	12/20/2023	487	CALIFORNIA PUBLIC EMPLOYEES'	4,267.92
20765	01/04/2024	788	COVINA, CITY OF	27.07
20766	01/04/2024	2033	NATIONWIDE RETIREMENT SOLUTIONS	7,050.00
20767	01/04/2024	788	COVINA, CITY OF	43,635.10
20768	01/04/2024	789	COVINA-FSA, CITY OF	829.17
20769	01/04/2024	2033	NATIONWIDE RETIREMENT SOLUTIONS	27,400.42
20770	01/04/2024	487	CalPERS	7,504.94
20771	01/04/2024	487	CalPERS	97,950.72
			subtotal EFT/wires/direct deposits	\$ 217,557.02
119467	01/03/2024	37	ACRYLATEX	367.13
119468	01/03/2024	58	ADVANTAGE	11,822.37
119469	01/03/2024	254	AZUSA LIGHT & WATER	1,587.31
119470	01/03/2024	260	B & K ELECTRIC WHOLESALE	134.51
119471	01/03/2024	269	BAKER AND TAYLOR INC	5,195.40
119472	01/03/2024	572	CATHOLIC CHARITIES OF LOS ANGELES	10,647.00
119473	01/03/2024	664	CIVILTEC ENGINEERING INC.	2,835.00
119474	01/03/2024	749	BOHL PH.D., NANCY K.	450.00
119475	01/03/2024	783	CITY OF COVINA WATER	541.04
119476	01/03/2024	849	DAPEER ROSENBLIT & LITVAK LLP	17,156.48
119477	01/03/2024	875	DELL MARKETING L.P.	15,167.45
119478	01/03/2024	947	DUNN EDWARDS CORP	134.10
119479	01/03/2024	962	SUPERIOR COURT OF CALIFORNIA, CNTY OF LOS ANGELES	8,195.00
119480	01/03/2024	962	SUPERIOR COURT OF CALIFORNIA, CNTY OF LOS ANGELES	207.00
119481	01/03/2024	970	EDISON CO	5,920.17
119482	01/03/2024	1156	THE GAS COMPANY	37.08
119483	01/03/2024	1235	GRAINGER	124.85
119484	01/03/2024	1352	HINDERLITER DELLAMAS & ASSOC	2,334.46
119485	01/03/2024	1361	HOLLIDAY ROCK CO INC	731.62
119486	01/03/2024	1429	INLAND EMPIRE STAGES	1,155.40
119487	01/03/2024	1612	LA CNTY DEPT OF PUBLIC WORKS	9,707.96
119488	01/03/2024	1710	LIFELOC TECHNOLOGIES INC	189.00
119489	01/03/2024	1792	MANNING & MARDER KASS,	3,737.50
119490	01/03/2024	1895	MERRIMAC ENERGY GROUP	30,691.04
119491	01/03/2024	2027	NAPA AUTO PARTS	855.96
119492	01/03/2024	2345	QUILL	440.41
119493	01/03/2024	2736	STAPLES BUSINESS ADVANTAGE	518.26
119494	01/03/2024	2800	T MOBILE USA	377.01
119495	01/03/2024	2818	GABE BF VAN LEEUWEN	386.40
119496	01/03/2024	2846	THOMAS, TERRI	889.00
119497	01/03/2024	2855	CHARTER COMMUNICATION	372.90
119498	01/03/2024	2926	TYLER TECHNOLOGIES INC.	50,019.55
119499	01/03/2024	2942	UNITED SITE SERVICES OF CA INC	2,365.58
119500	01/03/2024	3023	VULCAN MATERIALS COMPANY	1,625.76
119501	01/03/2024	3187	WAGONER, PAMELA	571.56
119502	01/03/2024	3300	SOUTHERN COUNTIES FUELS	1,516.86
119503	01/03/2024	3796	RICHARDS, WATSON & GERSHON	26,271.22
119504	01/03/2024	3837	SONSRAY MACHINERY LLC	11,532.45
119505	01/03/2024	3932	ARLENE D. MAR	140.00
119506	01/03/2024	3988	LANDSCAPE WAREHOUSE III	1.18
119507	01/03/2024	4065	VERIZON BUSINESS SERVICES	837.85

CITY OF COVINA
Check Register
Dec 29, 2023 - Jan 11, 2024

Check #	Check Date	Vendor	Name	Amount
119508	01/03/2024	4065	VERIZON WIRELESS	1,876.53
119509	01/03/2024	4360	MOORE IACOFANO GOLTSMAN, INC.	10,842.50
119510	01/03/2024	4374	ADMINSURE, INC	7,093.92
119511	01/03/2024	4389	EMPLOY AMERICA	2,322.00
119512	01/03/2024	4455	FRONTIER	1,446.55
119513	01/03/2024	4667	Ocean Blue Environmental Services, Inc.	8,165.32
119514	01/03/2024	4676	Hill Brothers Chemical Company	1,084.59
119515	01/03/2024	4704	S & J Supply Company, Inc.	976.15
119516	01/03/2024	4764	UniFirst Corporation	540.10
119517	01/03/2024	4813	JOHNSON CONTROLS FIRE PROTECTION LP	552.35
119518	01/03/2024	4817	Weck Analytical Environmental Services, Inc.	10.00
119519	01/03/2024	4829	Alicia A. Flores	185.50
119520	01/03/2024	4874	MARIA E. VELOSCO BEDRAN	1,159.62
119521	01/03/2024	4931	Antonio Castro Jr	1,630.15
119522	01/03/2024	4960	Data Ticket, Inc.	887.46
119523	01/03/2024	5233	RODENT PEST TECHNOLOGIES	262.50
119524	01/03/2024	5245	THERESA FLORES-FRANKE	20.62
119525	01/03/2024	5269	CONTROL AIR ENTERPRISES LLC.	1,612.50
119526	01/03/2024	5285	MLXPPTS LLC	1,000.00
119527	01/03/2024	5304	DR PHILIP STEINQUIST	2,800.00
119528	01/03/2024	5365	NEW ASIA FSE INC	3,971.00
119529	01/03/2024	5371	LAUGH FACTORY COVINA LLC	8,813.53
119530	01/03/2024	5476	WILLIAMS INVESTIGATIONS	6,237.70
119531	01/03/2024	99999	AILEEN TANG	52.86
119532	01/03/2024	99999	COVINA ASSEMBLY OF GOD CHURCH	450.00
119533	01/03/2024	99999	CYNTHIA FUENTES	88.06
119534	01/03/2024	99999	DONALD BEASLEY	28.09
119535	01/03/2024	99999	EDWARD JIMENEZ	31.73
119536	01/03/2024	99999	ERICA NAVARRO	68.40
119537	01/03/2024	99999	MAY WU	50.92
119538	01/03/2024	99999	OPENDOOR LABS INC	34.66
119539	01/03/2024	99999	PER B TVEDT	64.53
119540	01/03/2024	99999	RAMONA MORA	199.42
119541	01/03/2024	99999	SANDRA LA MASA	62.33
119542	01/03/2024	99999	SUSAN GUTIERREZ	78.61
119543	01/03/2024	99999	WEI PU	41.59
119544	01/04/2024	68	AFLAC ACCT# YQ792 WORLDWIDE HEADQUARTERS	4,243.75
119545	01/04/2024	69	AFSCME District Council 36	828.45
119546	01/04/2024	775	COVINA POLICE ASSOCIATION	2,900.00
119547	01/04/2024	878	DELTA DENTAL OF CALIFORNIA	9,151.50
119548	01/04/2024	1106	FRANCHISE TAX BOARD	1,105.05
119549	01/04/2024	3795	PRE-PAID LEGAL SERVICES, INC	155.48
119550	01/04/2024	3846	CLEA	904.50
119551	01/04/2024	4255	RELIASTAR LIFE INSURANCE COMPANY	4,457.29
119552	01/04/2024	4710	Fidelity Security Life Insurance Company	996.44
119553	01/10/2024	84	AIRGAS-WEST	237.33
119554	01/10/2024	219	AT&T	613.38
119555	01/10/2024	239	AUTOZONE INC	83.29
119556	01/10/2024	437	BURRO CANYON ENT INC	130.00
119557	01/10/2024	477	DEPT OF INDUSTRIAL RELATIONS	675.00
119558	01/10/2024	649	CINTAS CORP #693	702.18
119559	01/10/2024	654	CITRUS CAR WASH	76.98

CITY OF COVINA
Check Register
Dec 29, 2023 - Jan 11, 2024

Check #	Check Date	Vendor	Name	Amount
119560	01/10/2024	700	COLLEY FORD	756.43
119561	01/10/2024	749	BOHL PH.D., NANCY K.	1,310.00
119562	01/10/2024	766	COVINA DISPOSAL CO	18,684.80
119563	01/10/2024	771	COVINA IRRIGATING CO	253,907.15
119564	01/10/2024	875	DELL MARKETING L.P.	118,610.55
119565	01/10/2024	880	DEMCO INC	37.42
119566	01/10/2024	970	EDISON CO	422.49
119567	01/10/2024	970	EDISON CO	94,829.48
119568	01/10/2024	1007	ENVISIONWARE, INC.	5,122.50
119569	01/10/2024	1156	THE GAS COMPANY	2,337.37
119570	01/10/2024	1198	GLOBALSTAR LLC	102.74
119571	01/10/2024	1204	GOLDEN STATE WATER COMPANY	162.87
119572	01/10/2024	1235	GRAINGER	1,780.49
119573	01/10/2024	1277	CYNTHIA ESTRADA HAEBE	1,815.00
119574	01/10/2024	1352	HINDERLITER DELLAMAS & ASSOC	300.00
119575	01/10/2024	1505	JOHNNY'S POOL SERVICE	61.30
119576	01/10/2024	1612	LA CNTY DEPT OF PUBLIC WORKS	2,319.88
119577	01/10/2024	1614	LA CNTY FIRE DEPARTMENT	1,128,552.05
119578	01/10/2024	1617	REGISTRAR-RECORDER, COUNTY CLERK	20.00
119579	01/10/2024	1619	LA CNTY SHERIFF'S DEPT	390.40
119580	01/10/2024	1633	LACPCA	300.00
119581	01/10/2024	1663	LAW ENFORCEMENT MEDICAL	1,715.00
119582	01/10/2024	1694	LEWIS ENGRAVING INC	84.89
119583	01/10/2024	1707	LIEBERT CASSIDY WHITMORE	3,077.49
119584	01/10/2024	1751	LOU'S GLASS HOUSE OF COVINA	1,380.57
119585	01/10/2024	1860	SSD SYSTEMS	365.04
119586	01/10/2024	1933	MISSION LINEN SUPPLY	48.15
119587	01/10/2024	2027	NAPA AUTO PARTS	858.83
119588	01/10/2024	2091	O REILLY AUTO PARTS	1,965.56
119589	01/10/2024	2238	PEST OPTIONS INC	845.00
119590	01/10/2024	2275	POIRIER, ROBERT	140.00
119591	01/10/2024	2309	PROFESSIONAL ACCOUNT MANAGEMENT LLC	3,476.06
119592	01/10/2024	2415	REPUBLIC MASTER CHEFS	840.64
119593	01/10/2024	2619	SGV EXAMINER	1,980.00
119594	01/10/2024	2676	SMART AND FINAL IRIS CORP	329.29
119595	01/10/2024	2714	SOUTHERN CA GAS CO ML711D	500.00
119596	01/10/2024	2719	SPARKLETTS	6.99
119597	01/10/2024	2855	CHARTER COMMUNICATIONS	354.56
119598	01/10/2024	2955	US BANK	1,100.00
119599	01/10/2024	2958	USPS - POC ACCOUNT #8098154	678.22
119600	01/10/2024	3004	VICTORY EXTERMINATING INC	75.00
119601	01/10/2024	3052	WATERLINE TECHNOLOGIES INC	1,680.21
119602	01/10/2024	3102	WILLDAN FINANCIAL SERVICES	2,255.42
119603	01/10/2024	3152	YWCA	2,051.87
119604	01/10/2024	3163	GENTRY BROTHERS INC	608,163.83
119605	01/10/2024	3202	PUMPMAN INC	9,990.00
119606	01/10/2024	3729	SUNBELT RENTALS INC	381.76
119607	01/10/2024	3735	QUADIENT LEASING USA, INC.	377.06
119608	01/10/2024	3771	BLACK & WHITE EMERGENCY VEHICLES	400.00
119609	01/10/2024	3839	DOANE AND HARTWIG WATER SYSTEMS, INC.	2,153.75
119610	01/10/2024	3988	LANDSCAPE WAREHOUSE III	1,109.76
119611	01/10/2024	4077	INTERWEST CONSULTING GROUP INC	12,220.00

CITY OF COVINA
Check Register
Dec 29, 2023 - Jan 11, 2024

Check #	Check Date	Vendor	Name	Amount
119612	01/10/2024	4209	ADLERHORST INTERNATIONAL	484.00
119613	01/10/2024	4246	FERGUSON WATERWORKS #1083	9,790.20
119614	01/10/2024	4247	UNITED WATER WORKS INC	2,838.83
119615	01/10/2024	4292	DUDEK	92.50
119616	01/10/2024	4359	CHARGEPOINT, INC.	264.55
119617	01/10/2024	4429	PROFORCE TEMPORARIES	1,852.60
119618	01/10/2024	4455	FRONTIER	6,545.06
119619	01/10/2024	4526	CalAct	800.00
119620	01/10/2024	4564	NATIONAL UNION FIRE INSURANCE COMPANY	1,530.00
119621	01/10/2024	4582	USABLUEBOOK	613.73
119622	01/10/2024	4634	Gladwell Govt. Svcs.	300.00
119623	01/10/2024	4677	vCloud Tech Inc	39,501.87
119624	01/10/2024	4686	COLLISION AND INJURY DYNAMICS INC.	1,394.00
119625	01/10/2024	4687	Mighty Oak Technnology	18,000.00
119626	01/10/2024	4688	PCAM, LLC	64,117.30
119627	01/10/2024	4704	S & J Supply Company, Inc.	907.09
119628	01/10/2024	4764	UniFirst Corporation	453.22
119629	01/10/2024	4766	HASA, INC.	2,069.00
119630	01/10/2024	4813	JOHNSON CONTROLS FIRE PROTECTION LP	1,424.00
119631	01/10/2024	4817	Weck Analytical Environmental Services, Inc.	370.00
119632	01/10/2024	4833	Michael R. Hillmann	3,867.50
119633	01/10/2024	4835	ABBA TERMITE & PEST CONTROL, INC	125.00
119634	01/10/2024	4885	ELIE FARAH	5,200.00
119635	01/10/2024	4925	Humane Society of Pomona Valley, Inc.	25,913.67
119636	01/10/2024	4928	Springstead & Associates, Inc.	4,000.00
119637	01/10/2024	4952	Next Level Elevator	1,175.00
119638	01/10/2024	4965	Environment Planning Development Solutions, Inc.	388.50
119639	01/10/2024	5011	Excel Office Services	380.86
119640	01/10/2024	5100	Flock Group Inc	750.00
119641	01/10/2024	5109	SITEREP CONSTRUCTION SERVICES, INC.	25,782.00
119642	01/10/2024	5137	MasterCorp Commercial Services LLC	4,286.72
119643	01/10/2024	5213	TANGLED WEB SOLUTIONS: INVESTIGATIONS	1,500.00
119644	01/10/2024	5228	ODP BUSINESS SOLUTIONS, LLC	469.40
119645	01/10/2024	5254	COLUMBIA TELECOMMUNICATIONS CORPORATION	2,165.76
119646	01/10/2024	5269	CONTROL AIR ENTERPRISES LLC.	2,008.00
119647	01/10/2024	5283	Y TIRE PERFORMANCE	4,765.10
119648	01/10/2024	5291	AMAZON CAPITAL SERVICES, INC	966.45
119649	01/10/2024	5342	EAGLE SIGNS INC	1,294.00
119650	01/10/2024	5371	LAUGH FACTORY COVINA LLC	45,000.00
119651	01/10/2024	5398	CPACINC.COM	494.00
119652	01/10/2024	5418	THE PHONE GUY	1,429.72
119653	01/10/2024	5432	OPPENHEIMER INVESTIGATIONS GROUP LLP	2,221.00
119654	01/10/2024	5440	WORKMAN MOLINA	4,360.00
119655	01/10/2024	5455	IRWINDALE WINDOWS CO	17,522.05
119656	01/10/2024	5465	RITTER SAFETY & FACILITY SUPPORT	3,150.00
119657	01/10/2024	5477	GARY L PAINTER MD., INC	2,434.00
119658	01/10/2024	5480	INVESTIGATIVE RESOURES INC	9,358.42
119659	01/10/2024	5481	CITRUS VALLEY FLORIST INC	25,000.00
119660	01/10/2024	99999	INFINITY ENERGY	323.32
			subtotal checks	\$ 2,961,899.52

CITY OF COVINA
 Check Register
 Dec 29, 2023 - Jan 11, 2024

Check #	Check Date	Vendor	Name	Amount
			<i>voids</i>	\$ -
			<i>payroll (01/04/24)</i>	\$ 935,912.31
			<i>payroll ()</i>	\$ -
			<i>workers' compensation</i>	\$ 16,722.25
TOTAL checks/EFTs				\$ 4,132,091.10



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: February 6, 2024
Title: Annual Comprehensive Financial Report (ACFR) for Fiscal Year Ended June 30, 2023
Presented by: Anita Agramonte, Administrative Services Director
Theresa Franke, Administrative Services Deputy Director - Finance
Recommendation: Receive and file the following reports for Fiscal Year ended June 30, 2023: (1) Annual Comprehensive Financial Report (ACFR) and related Auditor Communications, (2) Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit, and (3) the Single Audit of Federally Assisted Grant Programs.

EXECUTIVE SUMMARY:

Annually, following the completion of an independent and certified audit the Finance Division of the Administrative Services Department prepares and publishes the City's Annual Comprehensive Financial Report (ACFR). This is an extensive report summarizing the financial activities of the City that occurred from July 1, 2022 through June 30, 2023. Attached is the June 30, 2023 ACFR and related reports.

BACKGROUND:

The ACFR is prepared in compliance with the Governmental Accounting Standards Board (GASB) requirements and is attached hereto as Attachment A. Pursuant to GASB guidelines, the City's ACFR is divided into three sections: Introductory, Financial, and Statistical. The Introductory Section provides a brief overview of the City and contains a Letter of Transmittal, Organizational Chart and List of Principal Officials. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis (MD&A) and the Basic Financial Statements including Notes to the Financial Statements. The Statistical Section presents a variety of reports useful in analyzing the City's financial and operational history as well as evaluating the City's financial stability.

DISCUSSION:

The audit firm of CliffordLarsonAllen LLP has issued an unmodified ("clean") opinion on the financial statements as presented in the ACFR for the fiscal year ended June 30, 2023. This means that their examination, testing and audit procedures allowed them to conclude that the financial statements present fairly the financial position of the City. This is the best opinion the City can receive from its auditors.

In addition, the independent auditors performed procedures to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution, which requires that California cities establish an annual appropriations limit (the "Gann Limit").

In conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform Guidance, the auditors also perform an annual single audit when required. A Single Audit was required and performed by the independent auditors for Fiscal Year ended June 30, 2023.

The ACFR, the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheet No. 6, the Single Audit of Federally Assisted Grant Programs for Fiscal Year ended June 30, 2023, and related auditor communications are attached. Also attached is the Auditor Letter to the City Council which provides information about the auditor's responsibilities under generally accepted *Government Auditing Standards*, as well as information related to the planned scope and timing of the audit.

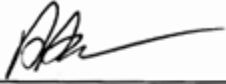
FISCAL IMPACT:

None.

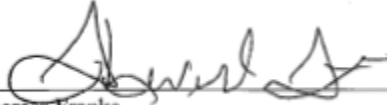
CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Anita Agramonte
Administrative Services Director



Theresa Franke
Deputy Director of Administrative Services – Finance



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

COVINA *California*

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CITY OF COVINA, CALIFORNIA

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2023

Patricia Cortez
Mayor

Walter Allen, III
Mayor Pro Tem

Hector Delgado
Council Member



Victor Linares
Council Member

John C. King
Council Member

Chris Marcarello
City Manager

*Prepared by the City of Covina
Administrative Services Department-Finance Division*

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CITY OF COVINA, CALIFORNIA
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

YEAR ENDED JUNE 30, 2023

PREPARED BY:
ADMINISTRATIVE SERVICES DEPARTMENT – FINANCE DIVISION

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INTRODUCTORY SECTION

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CITY OF COVINA, CALIFORNIA
Elected and Administrative Officials
2022-2023

<u>Elected Official</u>	<u>Term Expires</u>
Mayor: Patricia Cortez	March 2024
Mayor Pro Tem: Walter Allen, III	March 2024
Council Members: Hector Delgado John C. King Victor Linares	June 2026 June 2026 June 2026
City Clerk: Andrew Aleman	June 2026
City Treasurer: Neil Polzin	June 2026
<u>Administrative Staff</u>	<u>Date of Hire</u>
City Manager: * Chris Marcarello	January 2017
City Attorney: * Candice Lee	May 2015
Administrative Services Director: Anita Agramonte	July 2016
Police Chief: David Povero	July 1988
Fire Chief: ** Anthony C. Marrone	February 2023
Public Works Director: Andy Bullington	June 2018
Parks and Recreation Director: Lisa Evans	July 1989
Community Development Director: Brian Lee	June 2015
Chief Deputy City Clerk: Fabian Velez	June 2023

*Appointed by City Council

**Appointed by Los Angeles County Fire District



CITY OF COVINA

125 East College Street ● Covina, California 91723-2199

January 17, 2024

Honorable Mayor and City Council
City of Covina
Covina, California

The Annual Comprehensive Financial Report for the City of Covina (City), California, as of June 30, 2023 and for the year then ended, is submitted herewith. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The financial statements are the responsibility of the City's management. Completeness and reliability of the information contained in this report is based upon a comprehensive framework of internal controls that is established for this purpose. The costs of internal control should not exceed the anticipated benefits. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Management's Discussion and Analysis (MD&A) interprets the financial reports by analyzing trends and by explaining changes, fluctuations, and variations in the financial data. In addition, the MD&A is intended to disclose any known significant events or decisions that affect the financial condition of the City. MD&A complements this letter of transmittal and should be read in conjunction with it.

Independent Audit. City policy requires that its financial statements be audited by a certified public accountant. CliffordLarsonAllen, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the fiscal year ended June 30, 2023. The auditor's report on the basic financial statements and required supplementary information is included in the financial section of this report.

The City is legally required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Uniform

Guidance, *Audits of State and Local Governments*, if total federal grant expenditures exceed \$750,000 in a single year. The City of Covina is a recipient of federal, state and county assistance, and for Fiscal Year 2022-23 it is subject to the requirements of a Single Audit as it did have Federal expenditures greater than the \$750,000 threshold.

Profile of the City of Covina

The City is a mature, suburban city located twenty-three miles east of downtown Los Angeles in the eastern portion of the San Gabriel Valley. The City encompasses an area of approximately seven square miles and is virtually built out. The current population is 50,350 according to the State of California Department of Finance.

The City is a general law city, incorporated in 1901. The City Council is composed of five members elected biannually at large to four year alternating terms. The Mayor and Mayor Pro Tem are selected by the City Council annually.

The City has a Council/Manager form of government. The City Manager is appointed by the City Council to manage the daily affairs of the City and to implement policies established by the City Council.

This report includes all the funds of the City. The City provides a full range of services including police and fire protection (via a contract with the Los Angeles County Fire Department); construction and maintenance of highways, streets and infrastructure; library and recreational services; public transportation; planning and economic development; housing; and administrative services. In addition to general municipal activities, the City provides water and sewer services and also acquired the Covina Theater in December 2022, which operates as an enterprise fund.

The Council is required to adopt a final budget by June 30th of each fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, program (e.g., public safety), and activity (e.g., police patrol). Department heads may transfer resources within each activity as needed. The City Manager may transfer resources between activities within a fund. Transfers between funds require approval from the City Council.

In accordance with the reporting entity definition of the Governmental Accounting Standards Board, the City has included the Covina Public Financing Authority, the Successor Agency for the former Covina Redevelopment Agency (as of February 1, 2012), and the Covina Housing Authority in the financial report.

Several state and county agencies, as well as school districts, provide services to the City but do not meet the established criteria for inclusion, and accordingly are excluded from this report.

Economic Condition and Outlook

Much of the local development of the City occurred during the post-World War II building boom, which took place from the late 1940's through the 1960's. Prior to the building boom, the

City was a major citrus producing area.

The character of the City is one of predominantly low to medium density residential and low-intensity commercial and light industrial uses. Single-family residential properties are the most common use. In addition, there are many commercial establishments, particularly community and neighborhood shopping centers, and a relatively large number of small to medium-sized professional offices and light manufacturing operations. The local economy is based on a variety of service, retail, and light manufacturing businesses as well as government agencies.

The City's economy always has been healthy, though relatively small in population and area. The City consistently ranks high in retail sales tax generation and sales tax per capita among San Gabriel Valley cities. This is primarily due to the mix of retail businesses located in the City as well as a voter-approved transaction and use tax. Despite being in the middle of the well-established San Gabriel Valley, Covina retains a small-town atmosphere. The nearby San Bernardino, Foothill, and Orange Freeways, and the Southern California Regional Rail Authority Metrolink Commuter Rail Line link the City to other areas of metropolitan Los Angeles.

Long-term Financial Planning

As part of a financial strategic plan, the City Council developed the following budget policy guidelines for budgetary and financial planning purposes:

Estimated Revenues

- Estimated revenues will be identified by fund, program and activity
- Fund types include general, special revenue, debt service, capital projects, enterprise, agency and internal service funds
- Identify recurring vs. nonrecurring revenues
- Identify general revenues vs. restricted revenues

Appropriations

- Each program will identify activities and the recommended appropriations
- Identify recurring vs. nonrecurring appropriations
- Identify general vs. restricted appropriations
- Continuing appropriations for year-end
 - Encumbrances and contractual commitments
 - Grant, restricted donation and capital project appropriations are considered life-cycle appropriations
 - All other appropriations shall lapse at year-end unless carried forward by City Council action

Fund Balances/Working Capital

- Budget will calculate available fund balances and/or working capital available in the various funds
- Budget will establish adequate reserves
 - Capital needs
 - Offset economic hard times
 - Stabilize fluctuations in cash flow requirements
 - Emergency situations
- General Fund
 - Minimum of 20% of operating expenses-reserve shall be maintained
 - Excess reserves will be designated for nonrecurring activities or capital improvements
- Internal Service Funds
 - Maintain general liability and worker's compensation reserves based on actuarial recommendations.
 - Maintain sufficient reserves to fund equipment replacement at the end of its useful life
- Enterprise Funds
 - Maintain reserves as recommended by applicable rate studies
- Restricted Funds
 - Reserves can be used for only designated purposes
 - Excess reserves can be designated for recurring and nonrecurring activities or capital improvements depending on the nature of the fund

Community Needs Assessment, Monitoring and Reporting

- Identifying community needs for essential services
 - Describing the programs required to provide the essential services
 - Identifying the purpose of activities performed in delivering services
 - Identifying resources required to perform program activities and accomplish goals and objectives
- Monitoring standards to measure and evaluate
 - Output and outcomes of program activities
 - Accomplishment of program activities
 - Staffing levels

- Program activity revenue and appropriations
 - Make budgetary and financial decisions on conservative estimates of revenues, expenditures and other financing sources and uses
 - The greater the uncertainty and/or volatility of the budgetary and financial estimates, the more conservative the estimates

Changes in Service Levels

- The base budget is the required appropriation level needed to maintain the previous year's budget service level
- Change in service is the proposed increase or decrease in service level
- Increase in services shall be offset with new revenue or a corresponding decrease in other program services
- Grants shall not have a negative impact on General Fund services
- Future operating grants will not be funded by the General Fund unless there is a new revenue source or decrease in other program services

Budget Shall Be Balanced

- Ongoing and recurring costs shall be funded with ongoing and recurring revenues
- One-time and nonrecurring costs shall be funded with excess ongoing revenues, available one-time revenues or excess reserves
- One-time or nonrecurring revenues shall not fund ongoing costs
- Current costs shall be recognized and funded in the current year, not deferred or funded in future years whenever possible
- Budget sufficient funding levels to maintain current City services
- The General Fund shall try to maintain a minimum \$100,000 operating contingency for unanticipated events
- Make conscious decisions about cost recovery and/or general tax subsidy of those services that benefit only a portion of the tax paying public
- Formalize a five-year capital improvement program to identify priorities, service levels, funding sources and future impacts of decisions made today.

Infrastructure Maintenance

- Identify preventive maintenance of infrastructure to minimize future expenditures
 - Make conscious effort to amortize capital costs
 - Replacing or expanding existing facilities and equipment
 - With respect to equipment, rates shall be established to recover the replacement cost of each item at the end of its useful life

- Facilities shall be amortized to cover ongoing maintenance and cyclical repairs, and for the replacement or expansion of major structures

Exceptions

- City Council authorization is required except for:
 - Emergencies
 - Legal requirements
 - Accounting changes and prior period adjustments

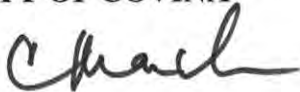
Implementation

- The City Manager shall be responsible for the preparation and submission of the budget
- The City Manager shall be authorized to make the appropriate changes to adhere to the budget policy
- Staff shall report to the City Council periodically (quarterly or semi-annually at a minimum) with an update on actual revenues and expenditures as shown in the adopted budget

The preparation of the Annual Comprehensive Financial Report was made possible by the dedicated service of the entire staff of the Administrative Services Department Finance Division with special recognition of Theresa Franke, Bessie Zou and Alan Sands. Credit also must be given to the Mayor and City Council for their support for maintaining the highest standards of professionalism in the management of the City of Covina's finances and to the Department Directors for their cooperation and support during the annual audit.

Sincerely,

CITY OF COVINA

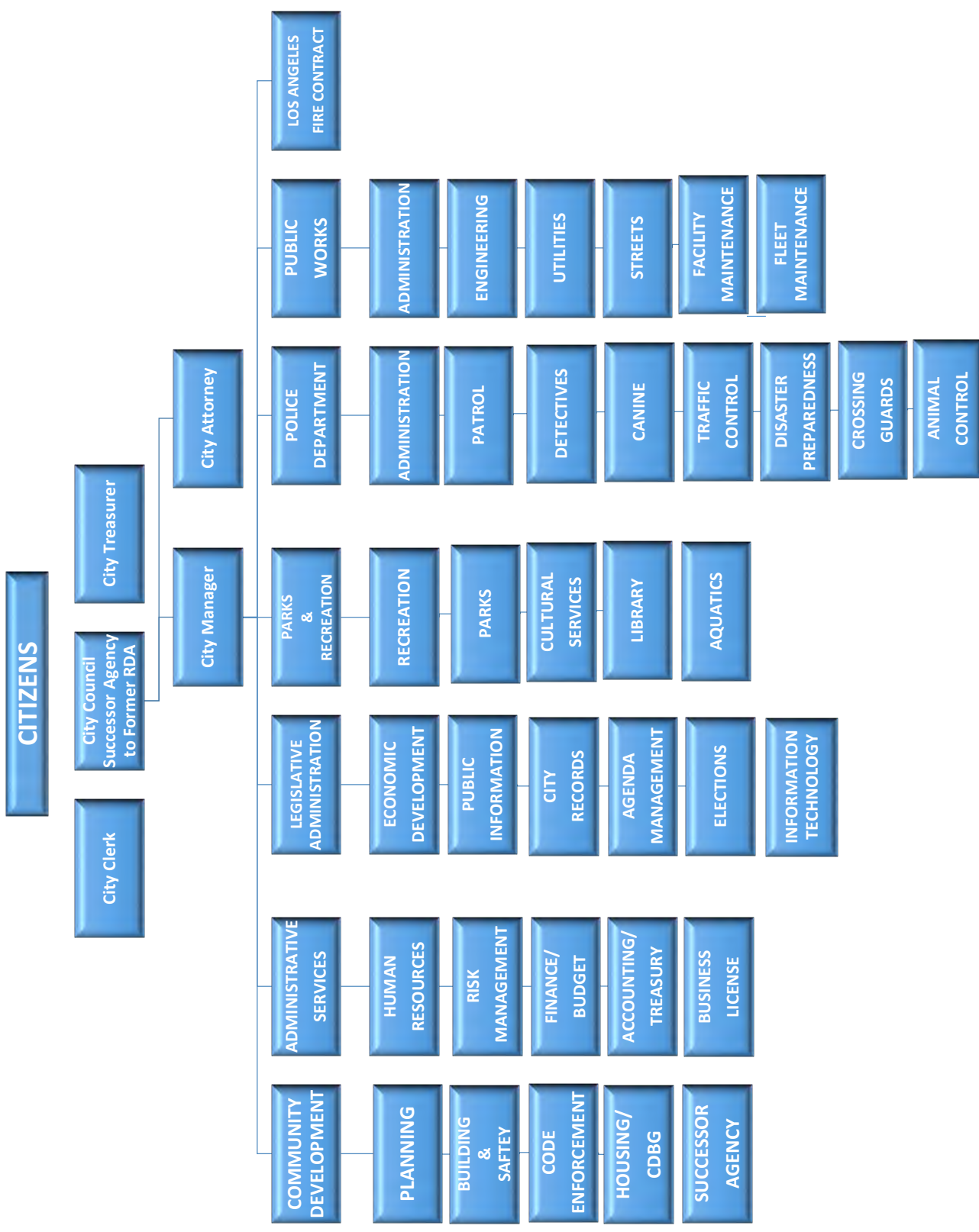


Christopher Marcarello
City Manager



Anita Agramonte
Administrative Services Director

CITY OF COVINA
 ORGANIZATIONAL CHART
 FISCAL YEAR 2022-2023



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
City of Covina
Covina, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Covina's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Covina as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Covina and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the City adopted new accounting guidance, GASB No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

The Honorable Mayor and
Members of City Council
City of Covina

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Covina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Covina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Covina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the miscellaneous plan schedule of changes in the net pension liability and related ratios and the schedule of contributions, the safety plan schedule of proportionate share of the net pension liability and the schedule of contributions, the other post-employment benefit plan schedule of changes in the net OPEB liability and related ratios and the schedule of contributions - OPEB and the budgetary comparison schedules for the General Fund, Measure W Fund and Park Development Fund be presented to supplement the financial statements. Such information, is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Covina's basic financial statements. The individual fund schedules and combining financial statements are presented for purposes of additional analysis and are 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 basic 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 GAAS. In our opinion, the individual fund schedules and combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

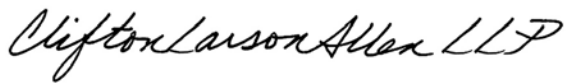
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

The Honorable Mayor and
Members of City Council
City of Covina

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024, on our consideration of the City of Covina’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Covina’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Covina’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
January 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the City of Covina's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. This report is prepared in conjunction with the accompanying transmittal letter and basic financial statements and notes.

FINANCIAL HIGHLIGHTS

- * The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year by \$125,630,090. The Governmental Activities have a deficit unrestricted net position of \$35,785,873. Business-type Activities have unrestricted net position of \$14,148,677.
- * The City's net position for governmental and business-type activities increased by \$9,818,709 or 8.48% from the previous fiscal year.
- * The total cost of all City activities was \$86,833,573 for the current fiscal year. Net cost of all activities was \$37,081,422.
- * During the current fiscal year, the City's governmental activities net revenues exceeded net expenditures by \$7,530,335.
- * In the City's business-type activities, net revenues exceeded net expenditures by \$2,288,374.
- * The total fund balance of the City's governmental funds was \$56,508,903 at the close of the fiscal year. This includes \$33,317,806 fund balance of the General Fund, \$22,431,703 of which is unassigned and is available for spending at the City's discretion (see note 14 of Notes to the Financial Statements).
- * General Fund revenues and other financing sources (uses) exceeded expenditures by \$5,918,680 for the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the City's finances, in a manner similar to private-sector business.

Statement of Net Position

The Statement of Net Position presents information on all of the City's assets, deferred outflows, liabilities and deferred inflows, the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

Statement of Activities

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include General Government, Public Safety, Public Works, Culture and Recreation, Community Development, Transit, Redevelopment and Housing, and Interest on Long-Term Debt. The business-type activities include Water Utility, Environmental Protection, Theater and Sewer.

The government-wide financial statements include not only the City itself (known as the *primary government*) but also the blending of the legally separate Covina Public Financing Authority, and Covina Housing Authority for which the City is financially accountable. These *component units* are therefore included as an integral part of the primary government.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided in three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

The focus of governmental funds is narrower than that of the government-wide financial statements; it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. This will provide a better understanding of the long-term impact of the City's near-term financing decisions. The Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-six individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Other Grants Fund which are considered to be major funds. Information from the other non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information section of the report.

The City adopts an annual appropriated budget for all of the governmental funds. Budgetary comparison schedules have been provided in the required supplementary information section for the General Fund to demonstrate compliance with the budget. Budgetary comparison schedules have been provided in the supplementary information section for the non-major governmental funds.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City's enterprise funds account for the Water Utility, Environmental Protection, Theater and Sewer. *Internal service funds* are used to accumulate and allocate costs internally among various City functions. The City's internal service funds account for Information Technology, Central Equipment, Workers' Compensation, and Public Liability. These services predominately benefit governmental and have been allocated within the *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility, Environmental Protection and Sewer. Water and Sewer funds are considered to be major funds of the City. Conversely, all Central Equipment, Information Technology, Workers' Compensation, Building Maintenance and Public Liability internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information section of this report.

Fiduciary Funds

Fiduciary funds (private purpose trust fund and custodial fund) are used to account for the assets and activities for which the City acts as trustee. The Statement of Fiduciary Net Position reports the assets and liabilities of the fund and the net position is reported as "held in trust for others".

The government-wide financial statements exclude fiduciary funds.

Notes to the Financial Statements

The *Notes to the Financial Statements* provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Total Net Position

Net position reflects the excess of assets and deferred outflows of resources over liabilities and deferred inflows of resources and may serve over time as a useful indicator of the City's financial position.

As detailed in the *Government-Wide Financial Statements-Statement of Net Position*, the City's total net position for governmental and business-type activities was \$125.6 million at the close of the fiscal year, which is an increase of \$9.8 million or 8.48% from the previous fiscal year.

The largest portion of that net position, \$122 million, is in capital assets (land, buildings and structures, infrastructure, and machinery and equipment) less any related debt outstanding used to acquire those assets. Capital assets are acquired for the purpose of providing services and infrastructure and are unavailable for future spending. Resources needed to repay related debt outstanding must be provided from other sources before liquidating capital assets to satisfy these liabilities.

Additionally, \$25.07 million of the City's total net position represents resources that are subject to external restrictions such as public safety, transit, and capital projects. Those restrictions are designated by certain federal, state, and local statutes and may not be used by the City for ongoing obligations to citizens and creditors. This leaves the City with a deficit unrestricted net position of \$21.6 million.

Governmental Activities

This analysis focuses on the net position and changes in net position of the City's governmental activities, as presented in the Statement of Net Position.

The net position of the governmental activities represents 60.57% of the City's total net position. As reflected in the following table, restricted activities net position increased by \$9.0 million (56%) from the previous fiscal year. This change reflects a reduction in deferred outflows, which is offset by an increase in current assets and a decrease in long term liabilities, which is discussed in the Outstanding Debt section of this document. This portion of net position is subject to external restrictions relating to public safety, public works, culture and recreation, transit and redevelopment and housing.

Governmental Activities Net Position

	2023	2022
Current and other assets	\$ 89,421,113	\$ 70,200,873
Capital assets	94,706,502	90,770,746
Deferred outflows	36,370,048	64,371,978
Total Assets and deferred outflows	220,497,663	225,343,597
Long-term liabilities outstanding	102,426,984	120,818,749
Other liabilities	12,906,748	10,422,112
Deferred inflows	29,072,917	25,542,057
Total Liabilities and deferred inflows	144,406,649	156,782,918
Net position:		
Net Investment in capital assets	86,804,262	83,025,178
Restricted	25,072,625	16,074,243
Unrestricted	(35,785,873)	(30,538,742)
Total net position	\$ 76,091,014	\$ 68,560,679

The following table compares fiscal year changes in revenues and expenses in governmental activities that comprise net position, as found in the Statement of Activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities Change in Net Position

Revenues	2023	2022
Program revenues:		
Charges for services	\$ 8,951,403	\$ 8,723,240
Operating grants and contributions	22,818,540	13,635,757
Capital grants and contributions	2,206,174	567,243
General revenues:		
Property taxes	16,429,930	15,338,132
General sales tax	11,493,906	11,426,354
Transaction and use tax	8,787,686	8,823,059
Utility users taxes	6,041,869	5,082,103
Other taxes	3,233,932	2,984,040
Investment earnings	712,611	(1,162,614)
Gain/(Loss) on sale of capital assets	-	462,215
Miscellaneous and Transfers	(1,565,154)	1,230,450
Total Revenues	79,110,897	67,109,979
Expenses		
General government	3,792,606	882,985
Public safety	49,481,727	45,084,190
Public works	5,227,281	6,580,415
Culture and recreation	5,974,501	1,600,700
Community development	3,582,145	2,333,315
Transit	1,399,960	862,651
Redevelopment and housing	786,051	183,561
Interest on long term debt	1,336,291	708,305
Total expenses	71,580,562	58,236,122
Increase (Decrease) in net position before transfers		
Change in net position	7,530,335	8,873,857
Beginning net position	68,560,679	59,686,822
Ending net position	\$ 76,091,014	\$ 68,560,679

As reflected above, the City's net revenues exceeded net expenses of governmental activities by \$7.5 million. Compared to the previous year, 2023 revenues show an increase of \$12 million while expenses increased by \$13.3 million.

The revenue increase in Charges for Services of \$228,000 includes increases in Public Safety (court fine revenue increased by \$247,400), Culture and Recreation of \$47,000 (which continued a post-COVID increase), Community Development of \$18,000 and Public Works fee revenue increase of \$138,000 predominately due to Impact Fees. These increases were offset by a reduction in late fee revenue, as late fees were unusually high in the prior year due to COVID's impact on customers' ability to pay their bills timely.

In addition, Operating Grants increased by \$9.1 million. This primarily consists of \$640,000 in Public Safety grant increases, \$5.7 million in Public Works grants, and a \$3 million grant to partially fund the purchase of Covina Theater. Capital Grants increased by \$1.6 million, of which \$1.2 million is for transportation.

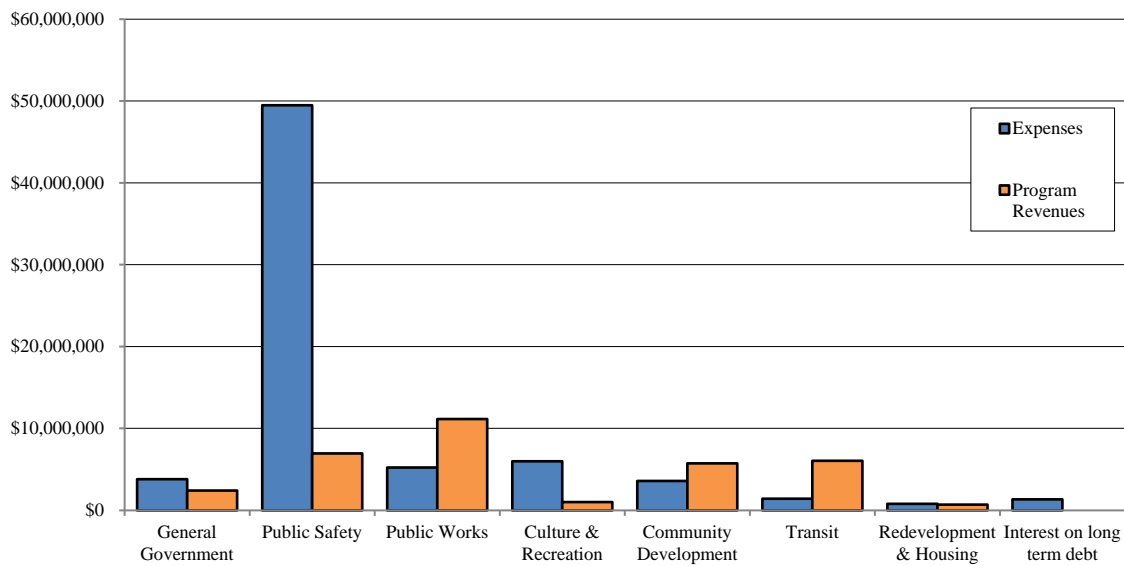
Property tax revenue increased by \$1 million, with a slight increase in sales and transaction and use taxes. Utility users tax increased by \$960,000 which reflects higher electricity and heating charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in other revenue sources include a \$98,000 increase in transient occupancy taxes, \$68,000 increase in business license taxes, investment earnings increase of \$1.9 million (reflecting higher interest rates and increased market value of City investments), all of which are offset by a reduction in miscellaneous revenue consisting mostly of a \$1.8 million transfer from the General Fund to the Theater Fund.

Net expenses reflected on the Statement of Activities are good indications of the extent to which the services provided by the City are financed from taxes paid by the citizens (general revenues) as opposed to recovering the cost of these services with user fees and other contributions (program revenues). Public Works, Community Development, Transit, and Redevelopment and Housing program revenues were sufficient to cover related expenses. General Government, Public Safety and Culture & Recreation required general revenues to cover activities. Expenses and associated program revenues for each governmental function are reflected on the following table. Increases in staffing costs reflect negotiated wage increases as well as increases to pension liability costs.

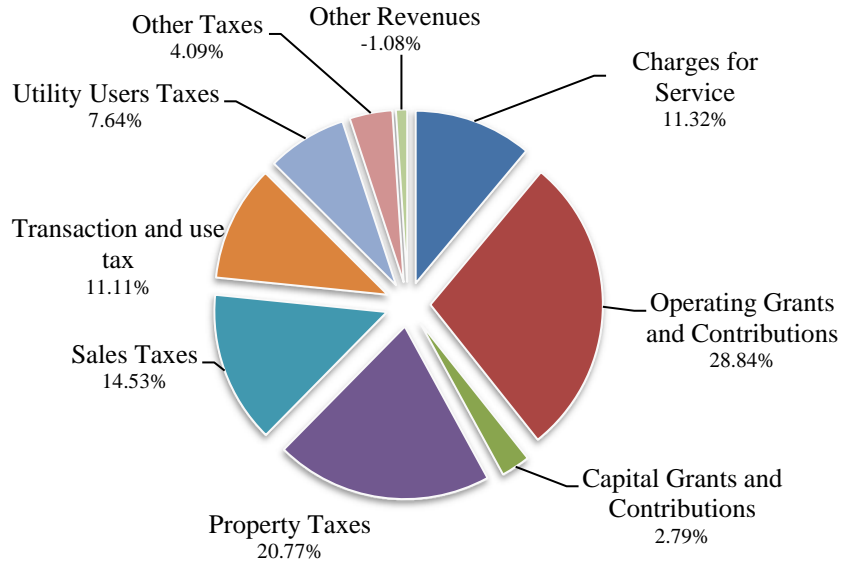
Expenses and Program Revenues-Governmental Activities



As reflected on the following graph, taxes, operating grants and contributions, and charges for services provide 100% of the overall revenue sources of the governmental activities. Taxes include property, sales, utility users and other taxes (transient occupancy, property transfer, business license and franchise).

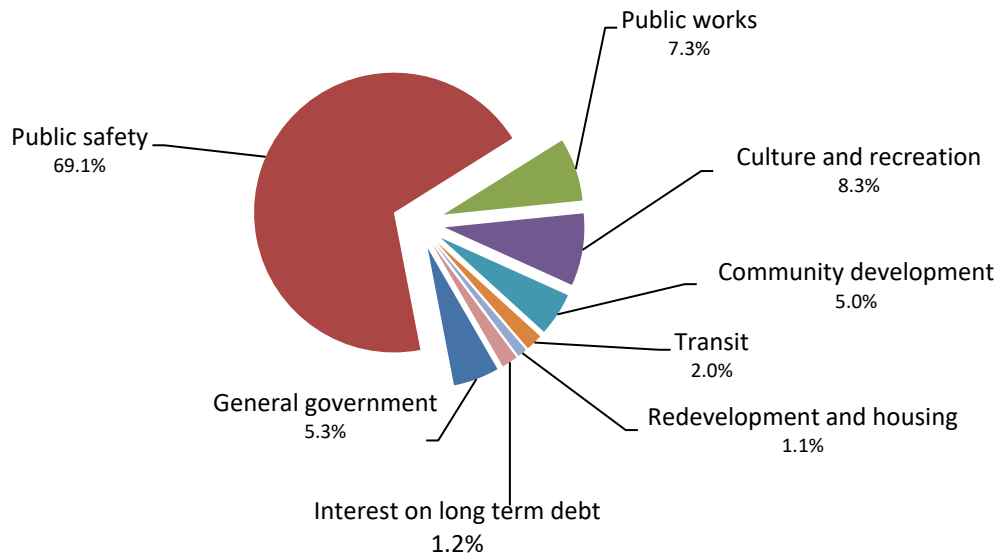
MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenue Sources-Governmental Activities



The next graph demonstrates governmental activity expenses by function/program. Note that public safety and public works represent 76.43% of the governmental activities' expenditures; this is consistent with the City's highest priority of citizen safety and well-being. Culture and recreation represent 8.3% of governmental activities as the City is committed to providing valuable programs to the community.

Functions/Program Expenses-Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Activities

The analysis of business-type activities focuses on the net position and changes in net position of the City's Water Utility, Environmental Protection, Theater, and Sewer functions. The following table summarizes the business-type net position for fiscal years 2022 and 2023. Current year detail can be found in the *Government-Wide Financial Statements, Statement of Net Position*.

Business-Type Activities Net Position

	2023	2022
Current and other assets	\$ 27,748,627	\$ 30,484,093
Capital assets	58,014,711	53,217,973
Deferred outflows of resources	2,970,227	8,441,833
Total assets and deferred outflows	88,733,565	92,143,899
Long-term liabilities outstanding	35,546,789	40,448,021
Other liabilities	2,935,775	1,941,926
Deferred inflows of resources	711,925	2,503,250
Total liabilities	39,194,489	44,893,197
Net position		
Net Investment in capital assets	35,390,399	31,942,562
Restricted		
Unrestricted	14,148,677	15,308,140
Total net position	\$ 49,539,076	\$ 47,250,702

The net position of the business-type activities represents 39.43% of the City's total net position and increased by \$2.3 million from the previous year. The decrease in current assets and deferred outflows was offset by the decrease in long-term liabilities (discussed in the Outstanding Debt section of this document) and deferred inflows, resulting in the net position increase. Restricted net position reflects amounts established for emergency needs and bond proceeds which are restricted to capital projects. The revenue and expense activity which generated the change in business type net position is reflected on the following table.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type Change in Net Position

	2023	2022
Revenues		
Program Revenues:		
Charges for services	\$ 15,774,880	\$ 16,306,957
Operating grants and contributions	1,154	291,824
General Revenues		
Investment gain (loss)	(129,871)	(1,786,768)
Miscellaneous	75,222	-
Total Revenues	15,721,385	14,812,013
 Expenses		
Water Utility	11,001,848	10,333,944
Environmental Protection	1,455,858	1,341,932
Theater	493,523	
Sewer	2,301,782	2,063,288
Total Expenses	15,253,011	13,739,164
Change in net position before transfers	468,374	1,072,849
Transfers in (out)	1,820,000	(1,020,279)
Change in net position	\$ 2,288,374	\$ 52,570

As reflected above, the City's business-type charges for services revenues exceeded program expenses by \$522,000. Total business-type program revenues decreased by \$823,000 from the prior fiscal year. This includes a \$390,000 decrease in water charges for services and \$291,000 decrease in water fund grants which were received in 2022 to assist water customers during the COVID pandemic. Environmental protection service charges were \$87,500 more than the prior year, the Theater provided a new revenue source of \$33,000, while sewer utility revenue decreased by \$262,400, as 2022 had \$366,000 in new sewer connection revenue. General revenues increased by \$1.7 million due predominately to increased investment earnings.

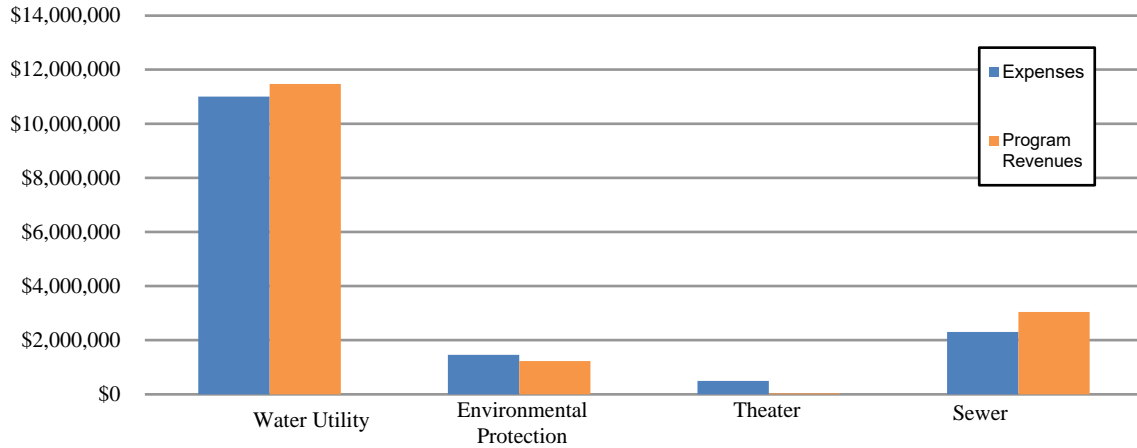
Water and Sewer charges for services/operating grants were sufficient to cover both operating and interest expenses for the respective functions during the fiscal year. Environmental Protection's expenses exceeded charges for services by \$226,000, due in part to improvements to the Downtown trash enclosures and Wingate Park cleanup.

Business-type expenses attributable to Water and Sewer utilities increased by \$906,000 from the previous fiscal year due in large part to increased pension liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

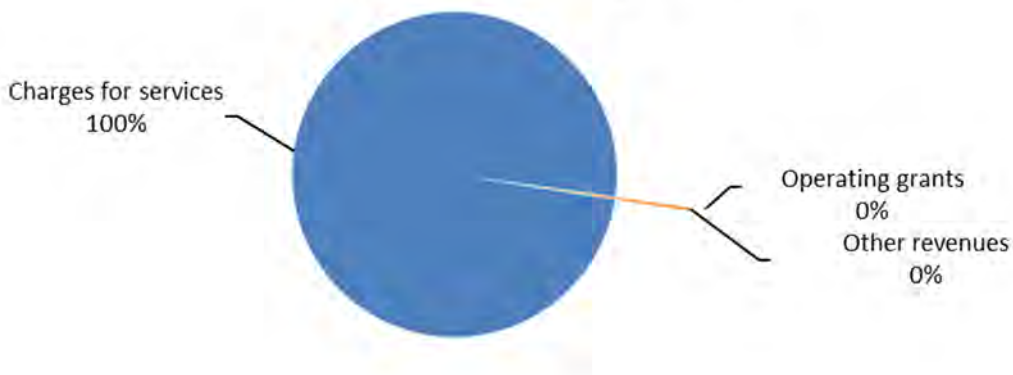
Expenses and associated program revenues for each business-type function are reflected on the following table.

Expenses and Program Revenues-Business-type Activities



As reflected on the following chart, charges for services are the major source of revenue to be used for business-type activity operating and capital maintenance costs. Water Utility Charges for Services include water sales, service fees, connection fees and other miscellaneous charges. Environmental protection charges include fees for refuse and recycling services, compressed Natural Gas (CNG), and permit fees for storm water and industrial waste. Theater charges for services include fees for facility use, property rental, ticket sales and antenna rental. Sewer charges for services include fees established to recover the cost of operating the sewer system throughout the City. Other revenues reflect investment earnings.

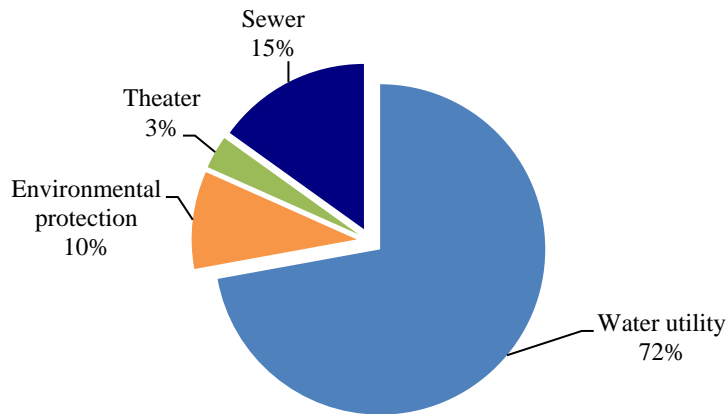
Revenues by Source - Business-type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

The next chart demonstrates business-type activity expenses by function/program. Water comprises the majority of expenses, which includes water source and supply resale, administration, and depreciation.

Expenses by Function/Program - Business-type Activities



FINANCIAL ANALYSIS OF THE CITY FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of City government, reporting City operations in more detail than government-wide statements.

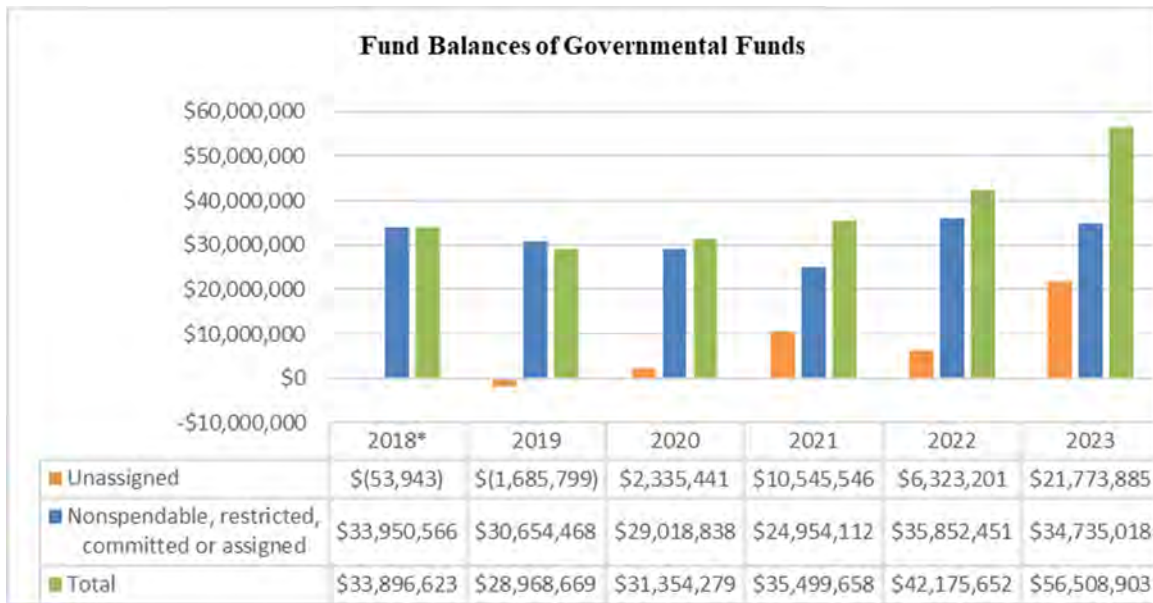
Governmental Funds

The focus of *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. This information assesses the City's financing requirements. *Unassigned fund balance* is a measure of the City's net resources available for designation or spending at the end of the fiscal year.

As of June 30, 2023, the City's governmental funds reported combined fund balances of \$56.5 million, an increase of \$14.3 million from the prior fiscal year. There is \$21.8 million of *Unassigned fund balance* available for designation and/or future spending at the City's discretion. The remaining fund balance is nonspendable, restricted, committed or assigned and is not available for spending at the City's discretion, as detailed in Note 14 of *Notes to the Financial Statements*.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following is a summary of fund balances of the governmental funds for fiscal years 2018-2023:



*Certain balances have been restated due to prior period adjustments.

The General Fund is the chief operating fund of the City. As displayed in the *Governmental Fund Financial Statements-Balance Sheet*, the fund balance of the General Fund at the end of Fiscal Year 2022-23 was \$33.3 million and is classified as follows: \$99,500 non-spendable, \$10.4 million committed, \$363,000 restricted, \$1,100 assigned, and \$22.4 million unassigned. In keeping with the City Council’s Reserve Policy, the committed fund balance meets the City’s Emergency Contingency Reserve requirement of 20% of General Fund expenditures. Additionally, the unassigned fund balance in the General Fund represents 24.3% of total General Fund expenditures.

The fund balance of the General Fund increased by \$5.9 million during the fiscal year. While revenues increased by \$4 million, expenditures decreased by \$47 million. The reduction reflects \$47.8 million pension expenditures recognized in 2022 as a result of the issuance of Pension Obligation Bonds, which was offset by \$52 million in bond debt proceeds.

Proprietary Funds

The City’s proprietary funds financial statements provide the same type of information found in the government-wide statements, but provide detail specific to the City’s water utility, environmental, theater and sewer enterprises.

Net position of the Water Utility fund is \$38.1 million, a increase of \$105,610 from the prior fiscal year. Of that, \$12.3 million is unrestricted. Environmental Protection and Theater have combined net positions of \$3 million with unrestricted net position decreasing to -\$1.7 million from \$478,000 in the prior year. The net position of the Sewer fund increased to \$9.9 million from \$9.2 million in the prior year. Of that, \$5.1 million is unrestricted. Other factors concerning the finances of these three funds are addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

Appropriation differences between the original budget and the final budget are \$5.6 million which represents a 10.27% increase. The increase reflects additional funding appropriated for various projects including Covina Recreation Village (\$3.8 million) and a transfer to the Theater fund (\$1.8 million). Mid-year budget adjustments include increases pertaining to utilities, conferences, training, IT expenditures, the establishment of the Facility Maintenance fund and various professional services. The increases were offset by a reduction in expenses that were instead charged directly to the ARPA fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for governmental and business-type activities as of June 30, 2023, is \$152.7 million (net of accumulated depreciation). Capital assets include buildings and structures, improvements other than buildings, domain infrastructure, water system infrastructure, sanitary sewer infrastructure, machinery and equipment, and construction in progress. The following table is a summary of capital assets (net of accumulated depreciation) at June 30, 2023 and 2022.

	Capital Assets (net of depreciation)	
	2023	2022
Governmental activities		
Land	\$12,335,553	\$12,335,553
Buildings and structures	28,502,366	26,145,088
Improvements other than buildings	8,259,225	8,703,523
Public domain infrastructure	37,126,099	35,158,532
Sanitary sewer infrastructure	1,648,080	1,712,817
Machinery and equipment	2,744,627	3,126,238
Construction in progress	3,623,307	3,349,224
Right to use assets	467,245	239,771
Total governmental activities	\$94,706,502	\$90,770,746
Business-type activities		
Land	377,408	377,408
Buildings and structures	12,050,600	9,007,187
Improvements other than buildings	2,417,779	1,466,540
Water system infrastructure	41,384,831	39,503,830
Machinery and equipment	1,654,758	1,690,145
Construction in progress	118,951	1,159,018
Right to use assets	10,384	13,845
Total business-type activities	58,014,711	53,217,973
Total capital assets	\$152,721,213	\$143,988,719

Total capital assets, net of depreciation, increased from the prior year by \$8.7 million. This is due largely to the purchase of the Covina Theater (6.3 million). Note 9 of *Notes to the Financial Statements* provide additional capital asset information.

Debt Administration

At the end of the fiscal year, the City had total long-term debt outstanding of \$138 million. This includes notes, leases, subscriptions, revenue bonds payable, other post-employment benefits and net pension liabilities. On the following page is a summary of the outstanding debt (net of unamortized charges) at June 30, 2023 and 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Outstanding Debt (net of unamortized charges)

	2023	2022
Governmental activities		
Compensated absences	\$ 4,414,980	\$ 4,031,459
Claims and judgments	7,920,000	7,718,000
Certificates of participation payable (COP)	4,659,950	4,876,509
Pension Obligation Bonds	52,529,291	54,939,654
Lease Payable	153,335	227,389
Subscriptions Payable	305,403	-
Section 108 loan	1,875,000	2,000,000
Postemployment benefit obligation	4,846,003	4,510,568
Net pension liability	25,723,022	42,515,170
Total governmental activities	102,426,984	120,818,749
Business-type activities		
Compensated absences	643,568	608,089
Capital lease payable	10,531	13,934
Water Installment Agreement	15,991,560	17,132,316
Revenue bonds payable	6,515,000	7,370,000
Pension Obligation Bonds	7,510,709	7,855,346
Postemployment benefit obligation	1,708,693	1,587,567
Net pension liability	3,166,728	5,880,768
Total business-type activities	35,546,789	40,448,020
Total outstanding debt	\$ 137,973,773	\$ 161,266,769

The decrease in long-term debt from 2022 to 2023 in governmental activities of \$18.4 million predominately due to the reduction in net pension liability. Business-type activities liabilities increased by \$4.9 also due to the reduction in net pension liability.

The Covina Public Financing Authority maintains an “AA-” S&P Global rating for the wastewater revenue bonds.

Additional information on the City’s long-term debt and other long-term liabilities can be found in Note 13, Note 10, and Note 17 of the *Notes to the Financial Statements*.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City applied sound budgeting practices and considered new residential and retail development in formulating a balanced budget for Fiscal Year 2022-23. Prudent, cost-saving budget practices, including proactive debt management, will continue into future years.

The conservative budget policies put in place by Council direction, emphasized by the City Manager and supported by staff, as well as the voter approved transaction and use tax measure have enabled the City of Covina to remain fiscally solvent. As reflected on Note 14 of *Notes to the Financial Statements*, the City’s emergency contingency reserve meets the 20% of General Fund expenditures requirements established as the Council’s goal set forth in the City’s budget policy.

The City continues to be cautiously conservative in revenue and expenditure projections. With that in mind, the Fiscal Year 2023-24 budget projects an overall increase in revenues in comparison to Fiscal Year 2022-23.

Department expenditure budgets reflect slight increases attributed to increases in negotiated MOU adjustments, as well as the increase in the City’s Fire Contract with Los Angeles County.

In total, the City has been awarded approximately \$11.4 million in ARPA funds. The monies must be obligated for use by December 31, 2024 and fully expended by December 31, 2026. The City Council has allocated the funds to programs supporting the public health response to COVID and addressing related negative economic impacts.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the City's finances. A copy of the financial report is available for review at the Covina Public Library, 234 North Second Avenue, Covina, California, 91723. You may also find a copy of the report online at www.covinaca.gov. Questions concerning any of the information provided in this report should be addressed to City of Covina Finance Division, 125 East College Street, Covina, California, 91723.

FINANCIAL STATEMENTS

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CITY OF COVINA
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 79,899,810	\$ 25,745,439	\$ 105,645,249
Cash and Investments - Restricted	-	1,149,437	1,149,437
Cash With Fiscal Agent	291	-	291
Receivables:			
Accounts, Net	534,150	1,915,975	2,450,125
Due from Other Governments	5,820,641	63,181	5,883,822
Other	691,645	23,177	714,822
Loans and Notes	252,505	-	252,505
Internal Balances	1,508,060	(1,508,060)	-
Leases	456,532	277,739	734,271
Inventories	39,492	73,095	112,587
Prepaid Items and Deposits	217,987	8,644	226,631
Capital Assets:			
Not Being Depreciated	15,958,860	496,359	16,455,219
Being Depreciated, Net	78,747,642	57,518,352	136,265,994
Total Assets	184,127,615	85,763,338	269,890,953
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	-	74,421	74,421
OPEB Related	1,659,981	600,827	2,260,808
Pension Related	34,710,067	2,294,979	37,005,046
Total Deferred Outflows of Resources	36,370,048	2,970,227	39,340,275
LIABILITIES			
Accounts Payable	2,243,703	1,109,165	3,352,868
Accrued Liabilities	1,092,051	554,191	1,646,242
Deposits Payable	1,128,503	1,035,141	2,163,644
Interest Payable	57,481	210,880	268,361
Due to Other Governments	252,505	-	252,505
Unearned Revenue	8,132,505	26,398	8,158,903
Noncurrent Liabilities:			
Due Within One Year	5,991,665	2,614,034	8,605,699
Due in More Than One Year:			
Long-Term Liabilities	65,866,294	28,057,334	93,923,628
Net Other Postemployment Benefit Liability	4,846,003	1,708,693	6,554,696
Net Pension Liability	25,723,022	3,166,728	28,889,750
Total Liabilities	115,333,732	38,482,564	153,816,296
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Refunding	-	113,443	113,443
Deferred Inflow Leases	451,369	274,385	725,754
OPEB Related	833,508	310,606	1,144,114
Pension Related	27,788,040	13,491	27,801,531
Total Deferred Inflows of Resources	29,072,917	711,925	29,784,842
NET POSITION			
Net Investment in Capital Assets	86,804,262	35,390,399	122,194,661
Restricted for:			
Public Safety	497,622	-	497,622
Public Works	11,635,216	-	11,635,216
Community Development	396,861	-	396,861
Culture and Recreation	1,323,579	-	1,323,579
Transit	7,784,440	-	7,784,440
Redevelopment and Housing	3,434,907	-	3,434,907
Unrestricted (Deficit)	(35,785,873)	14,148,677	(21,637,196)
Total Net Position	\$ 76,091,014	\$ 49,539,076	\$ 125,630,090

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Government	\$ 3,792,606	\$ 2,328,058	\$ 79,896	\$ -
Public Safety	49,481,727	2,283,281	4,662,494	-
Public Works	5,227,281	1,108,388	9,865,306	174,960
Culture and Recreation	5,974,501	734,037	161,407	106,421
Community Development	3,582,145	2,063,716	3,557,675	113,374
Transit	1,399,960	144,349	4,088,667	1,811,419
Redevelopment and Housing	786,051	289,574	403,095	-
Interest on Long-Term Debt	1,336,291	-	-	-
Total Governmental Activities	71,580,562	8,951,403	22,818,540	2,206,174
BUSINESS-TYPE ACTIVITIES				
Water Utility	11,001,848	11,469,148	1,154	-
Environmental Protection	1,455,858	1,229,521	-	-
Theater	493,523	33,198	-	-
Sewer Utility	2,301,782	3,043,013	-	-
Total Business-Type Activities	15,253,011	15,774,880	1,154	-
Total	\$ 86,833,573	\$ 24,726,283	\$ 22,819,694	\$ 2,206,174

GENERAL REVENUES

Taxes:

- Property Taxes (Net of Pass-Through Payments)
- General Sales Tax
- Transaction and Use Tax
- Transient Occupancy Taxes
- Property Transfer Taxes
- Business License Taxes
- Utility Users Taxes
- Franchise Taxes
- Investment Earnings (Loss)
- Miscellaneous
- Transfers
- Total General Revenues

CHANGE IN NET POSITION

Net Position - Beginning of Year

NET POSITION - END OF YEAR

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,384,652)	\$ -	\$ (1,384,652)
(42,535,952)	-	(42,535,952)
5,921,373	-	5,921,373
(4,972,636)	-	(4,972,636)
2,152,620	-	2,152,620
4,644,475	-	4,644,475
(93,382)	-	(93,382)
(1,336,291)	-	(1,336,291)
(37,604,445)	-	(37,604,445)
-	468,454	468,454
-	(226,337)	(226,337)
-	(460,325)	(460,325)
-	741,231	741,231
-	523,023	523,023
(37,604,445)	523,023	(37,081,422)
16,429,930	-	16,429,930
11,493,906	-	11,493,906
8,787,686	-	8,787,686
193,649	-	193,649
214,879	-	214,879
431,423	-	431,423
6,041,869	-	6,041,869
2,393,981	-	2,393,981
712,611	(129,871)	582,740
254,846	75,222	330,068
(1,820,000)	1,820,000	-
45,134,780	1,765,351	46,900,131
7,530,335	2,288,374	9,818,709
68,560,679	47,250,702	115,811,381
\$ 76,091,014	\$ 49,539,076	\$ 125,630,090

See accompanying Notes to Financial Statements.

**CITY OF COVINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Measure W	ARPA	Park Development	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Investments	\$ 30,427,350	\$ 8,790,682	\$ 4,786,016	\$ 2,786,586	\$ 15,864,522	\$ 62,655,156
Cash and Investments With Fiscal Agent	-	-	-	-	291	291
Receivables:						
Interest	306,716	-	-	-	6	306,722
Utility User Tax	384,923	-	-	-	-	384,923
Accounts	405,199	-	-	-	55,036	460,235
Leases	434,991	-	-	-	21,541	456,532
Loans	-	-	-	-	252,505	252,505
Due from Other Governments	4,272,820	154	-	169,145	1,378,053	5,820,172
Due from Other Funds	775,873	-	-	-	-	775,873
Prepaid Items	99,526	-	91,667	-	8,445	199,638
	<u>\$ 37,107,398</u>	<u>\$ 8,790,836</u>	<u>\$ 4,877,683</u>	<u>\$ 2,955,731</u>	<u>\$ 17,580,399</u>	<u>\$ 71,312,047</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	\$ 756,119	\$ 39,210	\$ 155,004	\$ 103,041	\$ 1,047,462	\$ 2,100,836
Accrued Liabilities	1,036,567	-	-	-	55,484	1,092,051
Deposits Payable	1,082,619	-	-	-	45,884	1,128,503
Due to Other Funds	-	-	-	-	775,873	775,873
Due to Other Governments	-	-	-	-	252,505	252,505
Unearned Revenue	455,443	-	4,722,679	2,688,510	265,873	8,132,505
Total Liabilities	<u>3,330,748</u>	<u>39,210</u>	<u>4,877,683</u>	<u>2,791,551</u>	<u>2,443,081</u>	<u>13,482,273</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Leases	429,899	-	-	-	21,470	451,369
Unavailable Revenue	28,945	-	-	169,144	671,413	869,502
Total Deferred Inflows of Resources	<u>458,844</u>	<u>-</u>	<u>-</u>	<u>169,144</u>	<u>692,883</u>	<u>1,320,871</u>
FUND BALANCES						
Nonspendable	99,526	-	-	-	8,445	107,971
Committed	10,422,833	-	-	-	-	10,422,833
Restricted	362,653	8,751,626	-	-	15,088,844	24,203,123
Assigned	1,091	-	-	-	-	1,091
Unassigned	22,431,703	-	-	(4,964)	(652,854)	21,773,885
Total Fund Balances (Deficits)	<u>33,317,806</u>	<u>8,751,626</u>	<u>-</u>	<u>(4,964)</u>	<u>14,444,435</u>	<u>56,508,903</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 37,107,398</u>	<u>\$ 8,790,836</u>	<u>\$ 4,877,683</u>	<u>\$ 2,955,731</u>	<u>\$ 17,580,399</u>	<u>\$ 71,312,047</u>

See accompanying Notes to Financial Statements.

CITY OF COVINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances for Governmental Funds \$ 56,508,903

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore are not reported in the fund financial statements. This amount does not include \$1,332,011 of internal service funds net capital assets.

Capital Assets not Being Depreciated	\$ 15,958,860	
Capital Assets Being Depreciated	206,438,482	
Accumulated Depreciation	<u>(129,022,851)</u>	93,374,491

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.

All liabilities, both current and long-term, are reported in the Statement of Net Position. Balances at June 30, 2023 are:

Loan Payable	(1,875,000)	
Bonds Payable	(4,475,000)	
Pension Obligation Bonds	(50,336,442)	
Bond Premium	(184,950)	
Leases	(50,800)	
Subscriptions	(305,403)	
Compensated Absences	(4,140,681)	
Accrued Interest	<u>(37,084)</u>	(61,405,360)

Pension and OPEB related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred Outflows of Resources - Pension Related	33,837,231	
Deferred Inflows of Resources - Pension Related	(27,782,910)	
Net Pension Liability	(24,518,639)	
Deferred Outflows of Resources - OPEB Related	1,463,956	
Deferred Inflows of Resources - OPEB Related	(738,798)	
Net OPEB Liability	<u>(4,285,581)</u>	(22,024,741)

Internal Service funds are used by management to charge the costs of certain activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in governmental in the Statement of Net Position.

8,768,219

Receivables that are measurable but not available are recorded as deferred inflows of resources under the modified accrual basis of accounting.

869,502

Net Position of Governmental Activities

\$ 76,091,014

CITY OF COVINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Measure W	ARPA	Park Development	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 16,235,596	\$ -	\$ -	\$ -	\$ 184,002	\$ 16,419,598
Sales Tax, Intergovernmental	20,281,592	-	-	-	-	20,281,592
Transient Occupancy Taxes	193,649	-	-	-	-	193,649
Property Transfer Taxes	214,879	-	-	-	-	214,879
Business License Taxes	430,348	-	-	-	1,090	431,438
Utility User Taxes	6,041,869	-	-	-	-	6,041,869
Franchise Taxes	2,393,981	-	-	-	-	2,393,981
Licenses and Permits	1,565,187	-	-	-	-	1,565,187
Intergovernmental	959,936	7,362,948	3,449,428	304,422	12,461,069	24,537,803
Charges for Services	4,752,066	-	-	-	298,835	5,050,901
Fines and Forfeits	1,340,191	-	-	-	-	1,340,191
Special Assessments	-	-	-	-	880,496	880,496
Investment Earnings	367,176	107,610	-	-	262,398	737,184
Other	766,551	-	-	-	48,008	814,559
Total Revenues	55,543,021	7,470,558	3,449,428	304,422	14,135,898	80,903,327
EXPENDITURES						
Current:						
General Government	2,599,832	-	-	-	-	2,599,832
Public Safety	29,910,759	-	3,002,355	-	3,464,619	36,377,733
Public Works	2,359,745	-	-	-	1,779,213	4,138,958
Culture and Recreation	4,493,659	-	22,082	-	72,130	4,587,871
Community Development	2,876,568	-	353,344	-	-	3,229,912
Transit	-	-	-	-	967,643	967,643
Redevelopment and Housing	-	-	-	-	719,415	719,415
Capital Outlay	-	420,895	71,647	810,581	5,637,635	6,940,758
Debt Service:						
Principal Retirement	2,309,742	-	-	-	330,000	2,639,742
Interest and Fiscal Charges	1,124,775	-	-	-	225,256	1,350,031
Total Expenditures	45,675,080	420,895	3,449,428	810,581	13,195,911	63,551,895
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,867,941	7,049,663	-	(506,159)	939,987	17,351,432
OTHER FINANCING SOURCES (USES)						
Transfers In	300,000	-	-	716,512	514,568	1,531,080
Transfers Out	(4,251,080)	-	-	-	(300,000)	(4,551,080)
Lease Proceeds	1,819	-	-	-	-	1,819
Total Other Financing Sources (Uses)	(3,949,261)	-	-	716,512	214,568	(3,018,181)
NET CHANGE IN FUND BALANCES	5,918,680	7,049,663	-	210,353	1,154,555	14,333,251
Fund Balances (Deficits) - Beginning of Year	27,399,126	1,701,963	-	(215,317)	13,289,880	42,175,652
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 33,317,806	\$ 8,751,626	\$ -	\$ (4,964)	\$ 14,444,435	\$ 56,508,903

See accompanying Notes to Financial Statements.

CITY OF COVINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 14,333,251

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures and do not include capital contributions. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense and capital contributions are recognized as revenue. This is the amount by which capital outlay exceeded depreciation expense in the current period and the amount of capital contributions received.

Capital Outlay	\$ 9,006,876	
Deletions	(52,877)	
Depreciation Expense	<u>(5,562,434)</u>	3,391,565

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. These amounts are the net effect of these differences in the treatment of long-term debt and related items.

Leases	30,662	
Subscriptions	180,166	
Principal Payments	2,639,742	
Amortization Premium on Bonds	<u>11,559</u>	2,862,129

Pension expenditures reported in the governmental funds includes the annual required contributions. In the Statement of Activities, pension expense includes the change in the net pension liability, and related changes in pension amounts for deferred outflows of resources and deferred inflows of resources. (14,842,008)

Other postemployment benefit expenditures reported in the governmental funds includes payment of premiums for the current year. In the Statement of Activities, OPEB expense includes the change in the net other postemployment benefit liability and OPEB related deferred inflows of resources. (55,302)

Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.
 Changes in Interest Payable for the Current Year 2,181

Internal service funds are used by management to charge costs of activities involved in rendering services to departments within the City. The changes in net position of the internal service funds are included in the Statement of Activities. 2,166,971

Compensated absences are not reported in the governmental funds until such amounts become due and payable. (356,022)

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the fiscal year. 27,570

Change in Net Position of Governmental Activities \$ 7,530,335

**CITY OF COVINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023**

	Business-Type Activities				Governmental
	Water Utility	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS					
CURRENT ASSETS					
Cash and Investments	\$ 19,667,285	\$ 3,488,771	\$ 2,589,383	\$ 25,745,439	\$ 17,244,654
Cash and Investments Restricted	-	1,149,437	-	1,149,437	-
Accounts Receivable, Net	1,614,683	-	301,292	1,915,975	73,915
Interest Receivable	-	22,711	466	23,177	-
Lease Receivable	-	-	68,198	68,198	-
Due from Other Governments	-	63,181	-	63,181	469
Prepaid Items	285	-	8,359	8,644	18,349
Inventories	73,095	-	-	73,095	39,492
Total Current Assets	21,355,348	4,724,100	2,967,698	29,047,146	17,376,879
NONCURRENT ASSETS					
Advance to Theater Fund	-	2,750,000	-	2,750,000	-
Lease Receivable	-	-	209,541	209,541	-
Capital Assets:					
Capital Assets, not Depreciated	452,488	26,175	17,696	496,359	-
Capital Assets, Depreciated, Net	41,334,017	11,441,330	4,743,005	57,518,352	1,332,011
Total Noncurrent Assets	41,786,505	14,217,505	4,970,242	60,974,252	1,332,011
Total Assets	63,141,853	18,941,605	7,937,940	90,021,398	18,708,890
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refunding	-	74,421	-	74,421	-
Deferred Amount on OPEB Plans	426,571	103,929	70,327	600,827	196,025
Deferred Amount on Pension Plans	1,538,060	483,563	273,356	2,294,979	872,836
Total Deferred Outflows of Resources	1,964,631	661,913	343,683	2,970,227	1,068,861
LIABILITIES					
CURRENT LIABILITIES					
Accounts Payable	641,481	326,293	141,391	1,109,165	142,867
Accrued Liabilities	554,191	-	-	554,191	-
Deposits Payable	533,951	-	501,190	1,035,141	-
Interest Payable	125,078	55,439	30,363	210,880	20,397
Unearned Revenue	26,398	-	-	26,398	-
Compensated Absences	151,190	45,127	33,735	230,052	88,052
Lease Payable	3,456	-	-	3,456	40,293
Claims Payable	-	-	-	-	1,738,000
Pension Obligation Bonds Payable	231,591	77,278	38,269	347,138	101,352
Bonds Payable	1,163,388	870,000	-	2,033,388	-
Total Current Liabilities	3,430,724	1,374,137	744,948	5,549,809	2,130,961
NONCURRENT LIABILITIES					
Compensated Absences	267,930	91,340	54,246	413,516	186,247
Advance from Sewer Fund	-	-	2,750,000	2,750,000	-
Lease Payable	7,075	-	-	7,075	62,242
Pension Bonds Payable	5,009,031	1,672,014	789,725	7,470,770	2,091,497
Bonds Payable	14,598,251	5,567,722	-	20,165,973	-
Claims Payable	-	-	-	-	6,182,000
Net OPEB Liability	1,241,794	263,943	202,956	1,708,693	560,422
Net Pension Liability	2,122,293	667,245	377,190	3,166,728	1,204,383
Total Noncurrent Liabilities	23,246,374	8,262,264	4,174,117	35,682,755	10,286,791
Total Liabilities	26,677,098	9,636,401	4,919,065	41,232,564	12,417,752
DEFERRED INFLOWS OF RESOURCES					
Deferred Amounts on OPEB Plans	217,117	57,083	36,406	310,606	94,710
Deferred Amounts on Pension Plans	9,041	2,843	1,607	13,491	5,130
Deferred Amounts on Leases	-	-	274,385	274,385	-
Deferred Amount on Refunding	113,443	-	-	113,443	-
Total Deferred Inflows of Resources	339,601	59,926	312,398	711,925	99,840
NET POSITION					
Net Investment in Capital Assets	25,793,259	4,841,224	4,755,916	35,390,399	1,193,739
Unrestricted	12,296,526	5,065,967	(1,705,756)	15,656,737	6,066,420
Total Net Position	\$ 38,089,785	\$ 9,907,191	\$ 3,050,160	51,047,136	\$ 7,260,159
Some amounts reported for business-type activities in the Statement of Activities are different to reflect the consolidation of internal service fund activities related to enterprise funds				(1,508,060)	
Net Position of Business-Type Activities				\$ 49,539,076	

See accompanying Notes to Financial Statements.

CITY OF COVINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	Business-Type Activities				Governmental
	Water Utility	Sewer	Other	Total	Internal
			Enterprise	Enterprise	Service
		Funds	Funds	Funds	
OPERATING REVENUES					
Water Sales	\$ 11,043,023	\$ -	\$ -	\$ 11,043,023	\$ -
Charges for Services and Motor					
Pool Charges	-	-	33,198	33,198	7,586,166
Environmental Fees	-	-	1,230,334	1,230,334	-
Sewer Fees	-	2,894,697	-	2,894,697	-
Fire Line Fees	358,099	-	-	358,099	-
Total Operating Revenues	<u>11,401,122</u>	<u>2,894,697</u>	<u>1,263,532</u>	<u>15,559,351</u>	<u>7,586,166</u>
OPERATING EXPENSES					
General and Administrative	2,426,168	1,731,926	1,097,801	5,255,895	4,762,459
Vehicle and Equipment Operation	-	-	-	-	1,272,311
Utility Billing	175,436	-	-	175,436	-
Customer Service	257,203	-	-	257,203	-
Sales Promotion	414	-	-	414	-
Source and Supply	3,376,108	-	-	3,376,108	-
Production and Storage	1,380,661	-	-	1,380,661	-
Transmission and Distribution	1,374,982	-	-	1,374,982	-
Street Sweeping	-	-	151,150	151,150	-
Environmental Services	-	-	200,472	200,472	-
Industrial Waste	-	-	21,221	21,221	-
Waste Management	-	-	339,611	339,611	-
Depreciation	1,579,745	356,327	100,589	2,036,661	315,804
Total Operating Expenses	<u>10,570,717</u>	<u>2,088,253</u>	<u>1,910,844</u>	<u>14,569,814</u>	<u>6,350,574</u>
OPERATING INCOME (LOSS)	830,405	806,444	(647,312)	989,537	1,235,592
NONOPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	(294,818)	108,093	56,854	(129,871)	-
Interest Expense	(431,131)	(213,529)	(41,085)	(685,745)	(50,544)
Rental Income	-	-	75,222	75,222	-
Intergovernmental	1,154	-	-	1,154	-
Total Nonoperating Revenues					
(Expenses)	<u>(724,795)</u>	<u>(105,436)</u>	<u>90,991</u>	<u>(739,240)</u>	<u>(50,544)</u>
INCOME (LOSS) BEFORE TRANSFERS	105,610	701,008	(556,321)	250,297	1,185,048
TRANSFERS					
Transfers In	-	-	1,820,000	1,820,000	1,200,000
Total Transfers	<u>-</u>	<u>-</u>	<u>1,820,000</u>	<u>1,820,000</u>	<u>1,200,000</u>
CHANGE IN NET POSITION	105,610	701,008	1,263,679	2,070,297	2,385,048
Net Position - Beginning of Year	<u>37,984,175</u>	<u>9,206,183</u>	<u>1,786,481</u>		<u>4,875,111</u>
NET POSITION - END OF YEAR	<u>\$ 38,089,785</u>	<u>\$ 9,907,191</u>	<u>\$ 3,050,160</u>		<u>\$ 7,260,159</u>

Some amounts reported for business-type activities in the Statements of Activities are different to reflect the consolidation of internal service fund activities related to enterprise funds

218,077
\$ 2,288,374

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities				Governmental Activities
	Water Utility	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from customers	\$ 11,707,833	\$ 2,919,650	\$ 1,196,798	\$ 15,824,281	\$ -
Cash Received from User Departments	-	-	-	-	7,607,113
Cash Payments to Suppliers of Goods and Services	(4,797,614)	(425,826)	(1,158,305)	(6,381,745)	(3,975,328)
Cash Payments to Employees for Services	(3,006,006)	(862,063)	(502,864)	(4,370,933)	(1,493,732)
Net Cash Used by Operating Activities	3,904,213	1,631,761	(464,371)	5,071,603	2,138,053
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Received from Other Funds	-	-	1,820,000	1,820,000	1,200,000
Advance Received Other Funds	-	-	2,750,000	2,750,000	-
Advance Paid to Other Funds	-	(2,750,000)	-	(2,750,000)	-
Net Cash Provided by Noncapital Financing Activities	-	(2,750,000)	4,570,000	1,820,000	1,200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(2,281,003)	(999,186)	(3,553,211)	(6,833,400)	(374,426)
Intergovernmental grants	1,154	-	-	1,154	-
Cash Received - Leases	-	-	110,357	110,357	-
Principal Paid - Leases	(3,402)	-	-	(3,402)	(43,392)
Principal Paid	(1,370,677)	(931,722)	(37,994)	(2,340,393)	(100,621)
Interest and Debt Issuance Costs	(443,522)	(228,677)	(18,421)	(690,620)	(50,727)
Net Cash Used by Capital and Related Financing Activities	(4,097,450)	(2,159,585)	(3,499,269)	(9,756,304)	(569,166)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment Income (Loss)	(294,818)	108,093	56,388	(130,337)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(488,055)	(3,169,731)	662,748	(2,995,038)	2,768,887
Cash and Cash Equivalents - Beginning of Year	20,155,340	7,807,939	1,926,635	29,889,914	14,475,767
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 19,667,285</u>	<u>\$ 4,638,208</u>	<u>\$ 2,589,383</u>	<u>\$ 26,894,876</u>	<u>\$ 17,244,654</u>

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities				Governmental
	Water Utility	Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ 830,405	\$ 806,444	\$ (647,312)	\$ 989,537	\$ 1,235,592
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:					
Depreciation	1,579,745	356,327	100,589	2,036,661	315,804
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:					
(Increase) Decrease in Accounts Receivable	306,711	-	(66,734)	239,977	21,416
(Increase) Decrease in Due from Other Governments	-	24,953	-	24,953	(469)
(Increase) Decrease in Inventory	(7,369)	-	-	(7,369)	11,713
(Increase) Decrease in Prepaid Items	2,270	-	(410)	1,860	6,495
(Increase) Decrease in Deferred Outflows of Resources on OPEB Plan	(59,173)	(18,604)	(10,517)	(88,294)	(33,581)
(Increase) Decrease in Deferred Outflows of Resources on Pension Plans	3,652,496	1,165,906	729,430	5,547,832	1,317,910
Increase (Decrease) in Accounts Payable	132,331	264,289	71,446	468,066	322
Increase (Decrease) in Accrued Liabilities	450,317	-	-	450,317	-
Increase (Decrease) in Deposits Payable	35,730	-	17,324	53,054	-
Increase (Decrease) in Unearned Revenue	10,161	-	-	10,161	-
(Increase) Decrease in Deferred Inflows of Resources of OPEB Plan	(6,379)	(2,006)	(1,133)	(9,518)	(3,225)
(Increase) Decrease in Deferred Inflows of Resources Pension Plans	(1,356,434)	(431,081)	(262,195)	(2,049,710)	(571,187)
Increase (Decrease) in Deferred Inflows of Resources Leases	-	-	(38,489)	(38,489)	-
Increase (Decrease) in Compensated Absences	21,962	9,586	3,931	35,479	27,499
Increase (Decrease) in Net OPEB Liability	81,177	25,522	14,427	121,126	46,067
Increase (Decrease) in Net Pension Liability	(1,769,737)	(569,575)	(374,728)	(2,714,040)	(438,303)
Increase (Decrease) in Claims Payable	-	-	-	-	202,000
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,904,213</u>	<u>\$ 1,631,761</u>	<u>\$ (464,371)</u>	<u>\$ 5,071,603</u>	<u>\$ 2,138,053</u>

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023**

	Private- Purpose Trust	Custodial Funds
ASSETS		
Cash and Investments	\$ 862,722	\$ 250
Cash and Investments - Fiscal Agent	3,116,602	-
Accounts Receivable	-	753
Interest Receivable	4,224	-
Prepaid Items	1,253	-
Land Held for Resale	2,391,502	-
Capital Assets, not Being Depreciated	148,765	-
Total Assets	6,525,068	1,003
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Refunding	10,602	-
Total Deferred Outflows of Resources	10,602	-
LIABILITIES		
Accounts Payable and Accrued Liabilities	17,207	1,003
Accrued Liabilities	-	-
Interest Payable	11,824	-
Noncurrent Liabilities:		
Due Within One Year	2,823,192	-
Due in More Than One Year	547,127	-
Total Liabilities	3,399,350	1,003
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount on Refunding	24,127	-
Total Deferred Inflows of Resources	24,127	-
NET POSITION		
Held for Dissolution of Community Redevelopment Agency	3,112,193	-
TOTAL NET POSITION	\$ 3,112,193	\$ -

See accompanying Notes to Financial Statements.

**CITY OF COVINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2023**

	<u>Private- Purpose Trust</u>	<u>Custodial Funds</u>
ADDITIONS		
Property Tax Revenue	\$ 2,960,668	\$ -
Charges for Services	166,414	-
Investment Earnings	241,987	-
Business Licenses Collected from Property Owners	-	11,638
Total Additions	<u>3,369,069</u>	<u>11,638</u>
DEDUCTIONS		
General and Administrative	431,884	11,638
Interest and Fiscal Charges	203,556	-
Program Expenses	57,274	-
Total Deductions	<u>692,714</u>	<u>11,638</u>
CHANGE IN NET POSITION	2,676,355	-
Net Position - Beginning of Year	<u>435,838</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,112,193</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

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**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The financial statements of the City of Covina (City) include the financial activities of the City, the Covina Public Financing Authority and the Covina Housing Authority. Their financial operations are closely related, and the City Council has a continuing responsibility over the entities. The responsibility is determined based on budget adoption, taxing authority, funding and appointments of the governing board. Blended component units, although legally separate entities, are part of the City's operations and therefore data from these units are combined with data of the City.

Since the City Council acts as the Board of Directors and can impose its will on the Covina Public Financing Authority and the Covina Housing Authority, the City is the primary government and the other two entities are component units. Additionally, since the governing boards of the City and the two other component units are the same, there is a potential for the component units to provide specific financial benefits to or impose specific financial burdens on the City. Therefore, the financial statements of the City and the two component units are blended.

The City of Covina was incorporated in 1901 as a General Law City. The City provides a broad range of services to its citizens, including general government, public safety, streets, sanitation and health, culture and park facilities and social services.

The Covina Redevelopment Agency (Agency) was established in 1969, pursuant to the State of California, Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Covina. On June 28, 2011, Assembly Bill X1 26 (AB X1 26), the Dissolution bill was enacted. On December 29, 2011, the California Supreme Court upheld the constitutionality of AB X1 26, and all redevelopment agencies in California were dissolved by operation of law effective February 1, 2012. The legislation provides for successor agencies and oversight boards that are responsible for overseeing the dissolution process and wind down of redevelopment activity. On January 11, 2012, the City adopted a resolution declaring its intent to serve as the Successor Agency and on January 30, 2012, the City Council adopted a resolution to retain the Housing assets and functions of the former redevelopment agency and the Housing Authority of the City will serve as the Housing Successor Agency.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

The Successor Agency to the Covina Redevelopment Agency (SACRA) was created to serve as a custodian for the assets and to wind down the affairs of the former Agency. The SACRA is a separate public entity from the City, subject to the direction of an Oversight Board. In general, the SACRA's assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). In future fiscal years, the SACRA will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Agency until all enforceable obligations of the former Agency have been paid in full and all assets have been liquidated. The SACRA is a fiduciary component unit and is reported as a fiduciary fund (private-purpose trust fund).

The Covina Public Financing Authority (Authority) is a joint powers authority organized pursuant to the State of California Government Code, Section 6500. The Authority exists under a Joint Exercise of Power Agreement between the City of Covina and the Covina Redevelopment Agency. Its purpose is to facilitate financing for public capital improvements of the City and the Agency. Separate financial statements are not prepared for the Authority.

The Covina Housing Authority (Housing Authority) was formed January 25, 2011, in order to continue to achieve the goals established by the Housing Element of the general plan. A housing authority collaborates with public, private and nonprofit entities agencies for the purpose of providing sanitary and safe housing for people of very low, low or moderate income within a city or county's territorial jurisdiction. The core activities of many housing authorities are primarily to build, acquire, own, manage and maintain residential rental units and to provide financial assistance for rentals or ownership in the private real estate market. A housing authority is governed by the state Housing Authority Law, and for purposes of major federal funding, if any is received, regulations of the U.S. Department of Housing and Urban Development (HUD). Further, a housing authority is not required under the Housing Authority Law to seek HUD or any other type of outside funding. On January 30, 2012, the City Council adopted a resolution to retain the Housing assets and functions of the dissolved Agency and the Housing Authority of the City will serve as the Housing Successor Agency. The activity is reflected in the Housing Authority Special Revenue Fund. Separate financial statements are not prepared for the Housing Authority.

The accounting policies of the City, the Authority, and the Housing Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The accompanying financial statements are presented on the basis prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The financial statements of the City are as follows:

Government-Wide Financial Statements

The *Statement of Net Position and Statement of Activities* report information on all the activities of the primary government (including its blended component units). The City of Covina has no discretely presented component units. As a rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this general rule are charges for the City water utility, sewer services and environmental services and indirect general government expenses to other functions and funds of the City. Elimination of the water utility, sewer service charges and environmental service charges would distort the direct costs and program revenues reported for the various functions concerned. Expenses reported in various funds include allocated indirect general government expenses. Governmental activities, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Financial Statements

Separate financial statements of the City, including blended component units, are provided for major individual governmental, proprietary and fiduciary funds, which include the private-purpose trust fund and custodial fund. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary funds statements. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. Net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) are segregated into net investment in capital assets (net of related debt), restricted and unrestricted components. The Statement of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds present increases (revenues) and decreases (expenses) in net total position. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Under this determination, unbilled service receivables are recorded at fiscal year-end.

Nonexchange transactions are typically described as taxes, fines and certain grants and donations. In a nonexchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. With this measurement focus, only current assets, current liabilities and current deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (i.e., when they become measurable and available to finance expenditures of the current period or soon enough thereafter to be used to pay liabilities of the current period). For this purpose, the City considers revenues including property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt, claims and judgments and compensated absences, which are recognized only when due and payable at fiscal year-end. General capital asset acquisitions and debt service principal payments are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under leases are reported as other financing sources.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Property taxes, charges for services, grant revenues and investment earnings are susceptible to accrual and have been recognized as revenues of the current fiscal period. Licenses and permits and fines and forfeitures are not susceptible to accrual because they are not measurable until received in cash. Grant revenues earned but not received are recorded as a receivable, and grants received before the related revenue recognition criteria have been met are reported as unearned revenues.

The City reports the following major governmental funds:

General Fund

This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Measure W Special Revenue Fund

This fund accounts for the tax collected to provide a safe, clean water program.

American Rescue Plan Act (ARPA) Special Revenue Fund

This fund accounts for monies provided to the City to assist with COVID pandemic-related response activities supporting public health response, address negative economic impacts, replace public sector revenue loss, fund essential government services and certain water, sewer, and broadband infrastructure improvements.

Park Development Capital Projects Fund

This fund accounts for federal and state grant monies used for parkland acquisition and development.

The City reports the following major proprietary funds:

Water Utility Fund

This enterprise fund is used to account for general and administrative, utility billing, customer service, sales promotion, source and supply, production and storage and transmission and distribution operations.

Sewer Fund

This enterprise fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Nonmajor Fund – Environmental Fund

This enterprise fund accounts for the general and administrative, environmental services, industrial waste and waste management operations.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types:

Special Revenue Funds

These funds are used to account for specific revenue sources that are legally restricted or otherwise assigned for specific purposes.

Capital Projects Funds

These funds are used to account for capital expenditures funded by various sources.

Enterprise Funds

These funds accounts for the general and administrative, environmental services, industrial waste, waste management operations and theater operations.

Internal Service Funds

These funds account for the central equipment, management information systems, workers' compensation and general liability services provided to other departments of the City.

Fiduciary Funds

Private-Purpose Trust Fund

This fund is to account for custodial responsibilities that are assigned to SACRA with the passage of AB X1 26 and was established on February 1, 2012. The fund accounts for the receipt of property tax revenues pursuant to the dissolution of the Agency and expenses incurred pursuant to the recognized obligation payment schedule (ROPS) approved by the State Department of Finance. This fund follows the accrual basis of accounting.

Custodial Funds

These funds are used to account for funds in which the City is acting as an agent for another entity. These funds are reported using the accrual basis of accounting.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses from operations generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Utility, Sewer and nonmajor (Environmental) enterprise funds and the City's internal service funds are charges to customers for sales and services. The Water Utility recognizes as operating revenue capital improvement fees intended for construction and rehabilitation of the water system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

D. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded, is employed in governmental funds. Amounts encumbered in the current year are treated as restricted, committed or assigned fund equity since they do not constitute expenditures or liabilities. At fiscal year-end, encumbrances outstanding are shown as restricted or assigned fund balance.

E. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash and Cash Equivalents

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

G. Investments

Investments are stated at fair value using quoted market prices. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment elements, including interest and changes in fair value, are aggregated and reported as investment earnings in the financial statements.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Receivables

All accounts receivable are shown net of an allowance for uncollectible amounts. The allowance is estimated based on historical collections and a review of account receivable.

I. Inventories and Prepaid Items

Inventories are priced at the lower of cost or market on a first-in, first-out basis. The inventories consist primarily of water parts, vehicle and equipment parts and gasoline. Inventories of governmental funds are considered immaterial and are recorded as expenditures when purchased under the purchases method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Compensated Absences

The City permits employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and a portion of the sick pay are accrued when incurred in the government-wide and proprietary fund financial statements.

K. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks, water, sewer and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with a cost of more than \$5,000 (more than \$1,000 for certain vehicles and information technology equipment) and an estimated useful life of more than one year. Such assets are recorded at historical or estimated historical cost. Contributed and donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major capital outlays and improvements are capitalized as projects are constructed.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Type of Asset</u>	<u>Life in Years</u>
Buildings and Structures	20 to 40 Years
Improvements Other than Buildings	20 Years
Public Domain Infrastructure	15 to 50 Years
Water System Infrastructure	20 to 50 Years
Sanitary Sewer System Infrastructure	20 to 50 Years
Machinery and Equipment	5 to 20 Years

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Subscription-Based Information Technology Arrangements (SBITA) assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

L. Leased Property

Lessee

The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the applicable governmental activities or business-type activities in the government-wide and in the proprietary fund financial statements. The City recognizes lease liabilities with an initial individual value of \$5,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Lessor

The City recognizes a lease receivable and a deferred inflow of resources in the applicable governmental activities or business-type activities in the government-wide and in the governmental and proprietary fund financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

For both the lessee and lessor the City uses the interest rate stated on the agreement when available. When the interest rate is not provided the City uses its estimated incremental borrowing rate as the discount rate.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Claims and Judgments

The accrual for workers' compensation and general liability claims is based upon an actuarial review of the past experience which has been modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2023 is dependent on future developments, based on information from the plan administrators, City management believes that the aggregate accrual is adequate to cover such losses, including amounts for incurred but not reported.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported as fair value. CalPERS audited financial statements are publicly available reports that can be obtained on the CalPERS's website under Forms and Publications.

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Net Position

Net position in the statement of net position is categorized as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets. This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt (including discounts and premiums) that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Position. This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law or enabling legislation.

Unrestricted Net Position. This category represents net position of the City not restricted for any project or other purpose.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The category of deferred outflow of resources reported in the statement of net position is related to debt refunding, pensions, and other postemployment benefits. The deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 10 and 17.

In addition to liabilities, the statement of financial position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements. The City's deferred inflows of resources reported on the statement of net position relate to pension and other postemployment benefits, which are more fully discussed in Notes 10 and 17. The statement of net position and the governmental funds balance sheet also reports a deferred inflow of resources related to leases.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The City has reported deferred inflows of resources related to unavailable revenues for grants. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

R. Adoption of New Accounting Standards

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The City adopted the requirement of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Charges over Appropriations

For the fiscal year ended June 30, 2023, expenditures exceeded appropriations in the following programs:

	Budget	Actual	Variance with Final Budget
Other Governmental Funds:			
Special Revenue Funds			
Lighting Assessment	\$ 248,894	\$ 273,118	\$ (24,224)
Shoppers Lane	8,700	8,854	(154)

Funds with deficit balances were as follows:

	Amount
Park Development Capital Projects Fund	\$ 4,964
Other Governmental Funds:	
Special Revenue Funds	
Law Enforcement	15,415
Lighting Assessment	56,332
Capital Project Funds	
Transportation	581,107

The deficit in these funds will be reduced by transfers from the general fund or from receipt of grant revenues.

NOTE 3 CASH AND INVESTMENTS

The City is following the requirements associated with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. More commonly referred to as GASB 40, this statement adds to and changes financial statement disclosure requirements for cash and investments of local governments. GASB 40 amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, to address common deposit and investment risks related to credit risk, interest rate risk and foreign currency risk. As an element of interest rate risk, this statement requires certain disclosures of investments that have fair values with a high sensitivity to interest rate changes.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business- Type Activities	Fiduciary Funds		Total
			Private- Purpose Trust Fund	Custodial Funds	
Statement of Net Position:					
Cash and Investments	\$ 79,899,810	\$ 25,745,439	\$ 862,722	\$ 250	\$ 106,508,221
Cash and Investments - Restricted	-	1,149,437	-	-	1,149,437
Cash and Investments With Fiscal Agent	291	-	3,116,602	-	3,116,893
Total Cash and Investments	<u>\$ 79,900,101</u>	<u>\$ 26,894,876</u>	<u>\$ 3,979,324</u>	<u>\$ 250</u>	<u>\$ 110,774,551</u>

Cash and Investments as of June 30, 2023

Consist of the Following:

Cash on Hand	\$ 6,972
Deposits With Financial Institutions	5,965,143
Investments With Fiscal Agent	1,875,087
Investments	102,927,349
Total Cash and Investments	<u>\$ 110,774,551</u>

Authorized Investments

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment in One Issuer		Minimum Credit Rating	
	Covina		Covina		Covina		Covina	
	CGC	Policy	CGC	Policy	CGC	Policy	CGC	Policy
Mutual Funds (Money Market Funds)	N/A	N/A	20%	10%	10%	None	AAA	AAA
Bankers Acceptance	180 Days	180 Days	40%	20%	30%	None	None	Prime
Commercial Paper	270 Days	180 Days	25%	15%	10%	None	A	Prime
Certificates and Time Deposits	5 Years	2 Years	30%	10%	None	None	None	None
Corporate Notes	5 Years	2 Years	30%	10%	None	None	A	AA-
U.S. Treasury Securities	5 Years	5 Years	None	30%	None	None	None	None
U.S. Agency Securities	5 Years	5 Years	None	30%	None	10%	None	None
Local Agency Investment Fund (LAIF)	N/A	N/A	None	None	None	None	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds and reserves held by bond trustees are governed by the debt agreements, rather than the general provisions of the California Government Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is 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 the cash flow and liquidity needed for operations.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table:

	Fair Value	12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Investment Type:					
State Investment Pool (LAIF)	\$ 44,668,769	\$ 44,668,769	\$ -	\$ -	\$ -
U.S. Agency Securities	28,374,862	2,931,710	10,760,930	14,682,222	-
Negotiable Certificates of Deposit	19,385,250	4,621,507	8,983,031	5,780,712	-
Money Market Mutual Funds	269,784	269,784	-	-	-
Held by Bond Trustee:					
Money Market Mutual Funds	3,116,893	3,116,893	-	-	-
Total	<u>\$ 95,815,558</u>	<u>\$ 55,608,663</u>	<u>\$ 19,743,961</u>	<u>\$ 20,462,934</u>	<u>\$ -</u>
Not subject to investment rate risk					
Covina Irrigating Company	<u>\$ 7,111,791</u>				
Total Investments	<u>\$ 102,927,349</u>				

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Certain investments, such as obligations, which are backed by the full faith and credit of the United States Government, are exempt from credit rating disclosures. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy or debt agreements and the actual rating from Standard & Poor's as of fiscal year-end for each investment type:

	Fair Value	Minimum Credit Rating	AAA	AA+	Not Rated	Not Required to be Rated
Investment Type:						
State Investment Pool (LAIF)	\$ 44,668,769	N/A	\$ -	\$ -	\$ 44,668,769	\$ -
U.S. Agency Securities	28,374,862	N/A	-	28,374,862	-	-
Negotiable Certificates of Deposit	19,385,250	N/A	-	-	19,385,250	-
Money Market Mutual Funds	269,784	A	269,784	-	-	-
Held by Bond Trustee:						
Money Market Mutual Funds	3,116,893	A	3,116,893	-	-	-
Total	<u>\$ 95,815,558</u>	N/A	<u>\$ 3,386,677</u>	<u>\$ 28,374,862</u>	<u>\$ 64,054,019</u>	<u>\$ -</u>
Not subject to credit risk						
Covina Irrigating Company	<u>\$ 7,111,791</u>					
Total Investments	<u>\$ 102,927,349</u>					

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are no investments in any one issuer (other than U.S. Treasury securities, money market mutual funds and external investment pools) that represent 5% or more of total City investments.

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, all the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon its pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on LAIF accounting records and recorded on an amortized basis.

Investment in Covina Irrigating Company

The Covina Irrigating Company (the Company) is a nonprofit mutual water company. The purpose of the Company is to develop, distribute, supply or deliver water at cost for irrigation and domestic uses of its stockholders. The governing board of directors consists of nine directors which are elected by the stockholders. The City's investment in the Company has been recorded on the equity method of accounting in the Water Utility Enterprise Fund. The City's equity share is 42.19%.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets and Level 3 inputs are significant unobservable inputs.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The City pool investment has the following recurring fair value measurements as of June 30, 2023:

Investment by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
U.S. Agency Securities	\$ 28,374,862	\$ -	\$ 28,374,862	\$ -
Negotiable Certificates of Deposit	19,385,250	-	19,385,250	-
Total Investments Measured at Fair Value	47,760,112	<u>\$ -</u>	<u>\$ 47,760,112</u>	<u>\$ -</u>
Investments:				
State Investment Pool (LAIF)*	44,668,769			
Money Market Mutual Funds*	3,386,677			
Covina Irrigating Company*	7,111,791			
Total Pooled Investments	<u>\$ 102,927,349</u>			

* Not subject to fair value measurement hierarchy.

NOTE 4 INTERFUND TRANSACTIONS

A. Interfund Balances

Operating receivables between funds are classified as due from or due to other funds. Negative individual fund cash and investment balances are offset by a due from other funds in the General Fund with a due to other funds set up in those funds owing the General Fund. The following are due from and due to balances as of June 30, 2023:

Receivable Fund	Payable Fund	Amount
General	Other Governmental Funds	<u>\$ 775,873</u>

Advance

Advances were made to the Theater Enterprise Fund from the Sewer Enterprise Fund during fiscal year 2022-2023. The advance was used to assist in the purchase of the performing arts center. Interest on the outstanding balance on advances payable is charged at an annual rate of 1.57%. Payments will start in December 2023 and the advance will mature in December 2042. At June 30, 2023, the outstanding balance was \$2,750,000.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 INTERFUND TRANSACTIONS (CONTINUED)

A. Interfund Balances (Continued)

Interfund Transfers

Transfers between funds are generally subsidies from one fund to another fund, funding of workers compensation and general liability reserves. The following are the interfund transfers for fiscal year ended June 30, 2023.

<u>Transfers In Fund</u>	<u>Transfers Out Fund</u>	<u>Amount</u>
General	Other Governmental Funds	\$ 300,000
Other Governmental Funds	General	514,568
Park Development	General	716,512
Other Enterprise Funds	General	1,820,000
Internal Service	General	1,200,000
Total		<u>\$ 4,551,080</u>

B. Internal Balances

Internal balances represent the net interfund receivables and payables remaining after elimination of all such balances within governmental and business-type activities.

NOTE 5 LEASE RECEIVABLE

The City, acting as lessor, leases wireless cell towers and land under long-term, noncancelable lease agreements. The leases expire at various dates through 2026 and do not provide for renewal options. During the year ended June 30, 2023, the City recognized \$331,750 and \$5,809 in lease revenue and interest revenue, respectively, pursuant to these contracts.

NOTE 6 PROPERTY TAXES

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied in September and are payable in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Any unpaid amounts at the end of the fiscal year are recorded as property taxes receivable. The County of Los Angeles bills and collects the property taxes and subsequently remits the amount due to the City of Covina in installments during the year. Historically, the City has received substantially all of the taxes levied within two years from the date they are levied.

The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at 1% of full market value (at time of purchase) and can increase the property's value no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 NOTES RECEIVABLE

The former Agency entered into agreement with Covina Gardens, KBS, L.P., a California Limited Partnership (Developer) to effectuate the Redevelopment Plan for the Covina Revitalization Project No. 1 by providing for the rehabilitation of residential rental housing development existing on a site acquired by the Developer which will maintain the supply and availability of low- and moderate-income housing, including very low-income units. The former Agency provided assistance to the Developer in the form of notes secured by a second deed of trust in the amount not to exceed \$4,742,000. The interest rate range is 2% per year, and notes receivable are due in 55 years. At June 30, 2023, the City has recorded an allowance for the balance of \$5,256,075 for principal of \$4,742,000 and accrued interest of \$514,075 as management is not certain if this amount will be collected.

NOTE 8 LOANS RECEIVABLE

The City's Community Development Block Grant (CDBG) program provides low-income housing and economic assistance to qualifying households and businesses. The loans do not require monthly repayment. In addition to CDBG loans, first-time homebuyer loans made by the former Covina Redevelopment Agency are now administered by the Housing Authority. The loans for the first-time homebuyer and for down payment assistance bear interest from 1.5% to 6.875%. The first-time home buyer loans are forgiven after 45 consecutive years of occupying the home purchased, while the down payment assistance is forgiven after 20 years of occupying the home purchased. The housing rehabilitation program loan is secured by a deed of trust on the property and is due upon sale or transfer of the title of the property. The outstanding balance as of June 30, 2023 of all loans was \$1,754,581. Due to the forgiveness feature of these loans the City has established an allowance for uncollectible loans in the amount of \$1,502,076.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 CAPITAL ASSETS

Governmental Activities

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance June 30, 2022 <u>As Restated</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2023
Governmental Activities:				
Capital Assets, not Depreciated:				
Land	\$ 12,335,553	\$ -	\$ -	\$ 12,335,553
Construction in Progress	3,349,224	5,681,433	5,407,350	3,623,307
Total Capital Assets, not Depreciated	15,684,777	5,681,433	5,407,350	15,958,860
Capital Assets, Depreciated:				
Buildings and Structures	40,459,171	3,204,211	15,030	43,648,352
Improvements Other than Buildings	14,995,109	191,680	333,000	14,853,789
Public Domain Infrastructure	128,643,745	5,322,643	-	133,966,388
Sanitary Sewer Infrastructure	6,221,681	-	-	6,221,681
Machinery and Equipment	11,864,521	334,616	267,420	11,931,717
Right to Use Assets	802,018	1,819	9,245	794,592
Total Capital Assets, Depreciated	202,986,245	9,054,969	624,695	211,416,519
Less Accumulated Depreciation for:				
Buildings and Structures	14,314,083	846,307	14,404	15,145,986
Improvements Other than Buildings	6,291,586	635,978	333,000	6,594,564
Public Domain Infrastructure	93,485,213	3,355,076	-	96,840,289
Sanitary Sewer Infrastructure	4,508,864	64,737	-	4,573,601
Machinery and Equipment	8,738,283	716,227	267,420	9,187,090
Right to Use Assets	76,679	259,913	9,245	327,347
Total Accumulated Depreciation	127,414,708	5,878,238	624,069	132,668,877
Total Capital Assets, Depreciated, Net	75,571,537	3,176,731	626	78,747,642
Total Capital Assets, Net	<u>\$ 91,256,314</u>	<u>\$ 8,858,164</u>	<u>\$ 5,407,976</u>	<u>\$ 94,706,502</u>

Depreciation expense was charged to the following categories:

Governmental Activities:	
General Government	\$ 370,558
Public Safety	619,775
Public Works	3,816,183
Culture and Recreation	696,983
Transit	374,739
Total Governmental Activities	<u>\$ 5,878,238</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Business-Type Activities:				
Capital Assets, not Depreciated:				
Land	\$ 377,408	\$ -	\$ -	\$ 377,408
Construction in Progress	1,159,018	3,126,202	4,166,269	118,951
Total Capital Assets, not Depreciated	1,536,426	3,126,202	4,166,269	496,359
Capital Assets, Depreciated:				
Buildings and Structures	13,044,305	3,337,845	-	16,382,150
Improvements Other than Buildings	1,670,728	1,041,336	-	2,712,064
Water System Infrastructure	54,950,663	3,250,220	-	58,200,883
Machinery and Equipment	4,163,643	244,065	-	4,407,708
Right to Use Assets	17,306	-	-	17,306
Total Capital Assets, Depreciated	73,846,645	7,873,466	-	81,720,111
Less Accumulated Depreciation for:				
Buildings and Structures	4,037,118	294,432	-	4,331,550
Improvements Other than Buildings	204,188	90,097	-	294,285
Water System Infrastructure	15,446,833	1,369,219	-	16,816,052
Machinery and Equipment	2,473,498	279,452	-	2,752,950
Right to Use Assets	3,461	3,461	-	6,922
Total Accumulated Depreciation	22,165,098	2,036,661	-	24,201,759
Total Capital Assets, Depreciated, Net	51,681,547	5,836,805	-	57,518,352
Total Capital Assets, Net	<u>\$ 53,217,973</u>	<u>\$ 8,963,007</u>	<u>\$ 4,166,269</u>	<u>\$ 58,014,711</u>

Depreciation expense was charged to the following categories.

Business-Type Activities:	
Water Utility	\$ 1,579,745
Sewer	356,327
Nonmajor Fund - Other Enterprise Funds	100,589
Total Business-Type Activities	<u>\$ 2,036,661</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS

The following is a summary of pension related items for the year ended June 30, 2023:

	Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS Miscellaneous	\$ 11,936,406	\$ 8,650,507	\$ 50,851	\$ 4,375,788
CalPERS Safety	16,953,344	28,354,539	27,750,680	15,206,271
Total	<u>\$ 28,889,750</u>	<u>\$ 37,005,046</u>	<u>\$ 27,801,531</u>	<u>\$ 19,582,059</u>

Pension liabilities are liquidated from the related employees home program, with the majority funded out of the General Fund.

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the City's Safety (police) cost sharing defined benefit plan and the Miscellaneous (all other) Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. For employees hired into a plan with the 1.5% at 65 formula, eligibility for service retirement is age 55 with at least five years of service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for nonduty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job related. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at the measurement date of June 30, 2022, are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2013	On or After January 1, 2013	
Hire Date			
Benefit Formula	2.5%@55	2.0%@62	
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	
Benefit Payments	Monthly for Life	Monthly for Life	
Retirement Age	50 - 55	50 - 62	
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	2.0% - 2.7%	
Required Employee Contribution Rates	7.64%	6.50%	
Required Employer Contribution Rates:			
Normal Cost Rate	10.850%	7.250%	
Payment of Unfunded Liability	\$ 485,205	\$	-
		Safety	
		On or After January 1, 2011 and Prior to January 1, 2013	On or After January 1, 2013
Hire Date	Prior to December 31, 2010		
Benefit Formula	3.0%@50	3%@55	2.7%@57
Benefit Vesting Schedule	5 Years of Service	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50 - 55	50 - 55	50 - 57
Monthly Benefits, as a % of Eligible Compensation	3%	2.4% - 3%	2.0% - 2.7%
Required Employee Contribution Rates	8.99%	8.99%	13.75%
Required Employer Contribution Rates:			
Normal Cost Rate	25.640%	23.680%	13.660%
Payment of Unfunded Liability	\$ 634,289	\$ 12,581	\$ 12,310

Employees Covered

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive Employees or Beneficiaries Currently Receiving Benefits	275
Inactive Employees Entitled to but not yet Receiving Benefits	307
Active Employees	111
Total	693

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plans (Continued)

Contributions

Section 20814 of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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's 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. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the fiscal year ended June 30, 2023, employer contributions of \$1,407,490 and \$2,241,062 were made for the miscellaneous and safety plans, respectively.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	6.90%
Inflation	2.30%	2.30%
Projected Salary Increase	(1)	(1)
Mortality Rate Table	(2)	(2)
Postretirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

B. Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by assets class are as follows:

<u>Leverage</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a) (b)</u>
Global Equity - Cap-weighted	30.00 %	4.45 %
Global Equity - Non-Cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	<u>(5.00)</u>	<u>(0.59)</u>
Total	<u>100.00 %</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2021 (Measurement Date)	\$ 102,178,321	\$ 80,817,014	\$ 21,361,307
Changes in the Year:			
Service Cost	1,576,526	-	1,576,526
Interest on the Total Pension Liability	7,125,461	-	7,125,461
Differences between Expected and Actual Experience	(107,352)	-	(107,352)
Changes in Assumptions	3,217,843	-	3,217,843
Contribution - Employer	-	28,388,909	(28,388,909)
Contribution - Employee	-	675,453	(675,453)
Net Investment Income	-	(7,776,639)	7,776,639
Administrative Expenses	-	(50,344)	50,344
Benefit Payments, Including Refunds of Employee Contributions	(5,619,036)	(5,619,036)	-
Net Changes	<u>6,193,442</u>	<u>15,618,343</u>	<u>(9,424,901)</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 108,371,763</u>	<u>\$ 96,435,357</u>	<u>\$ 11,936,406</u>

Proportionate Share of Net Pension Liability Safety Plan

As of June 30, 2023 (measurement date of June 30, 2022), the City reported \$16,953,344 for its proportionate share of the net pension liability for the Safety Plan.

The City's net pension liability for the Safety Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportionate share of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

Proportionate Share of Net Pension Liability Safety Plan (Continued)

The City's proportionate share of the net pension liability for the Safety Plan as of the measurement dates ended June 30, 2021 and 2022 was as follows:

	<u>Safety</u>
Proportion - June 30, 2021	0.770330%
Proportion - June 30, 2022	0.246720%
Change - Increase (Decrease)	-0.523610%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 26,586,957	\$ 36,504,827
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 11,936,406	\$ 16,953,344
1% Increase	7.90%	7.90%
Net Pension Liability (Asset)	\$ (25,657)	\$ 974,424

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 10 PENSION PLANS (CONTINUED)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$4,375,788 and \$15,206,271 for the Miscellaneous and Safety Plans, respectively. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,407,490	\$ -	\$ 2,241,062	\$ -
Differences Between Expected and Actual Experience	-	(50,851)	701,637	(184,100)
Change in Assumptions	1,524,241	-	1,709,410	-
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	-	21,025,260	(27,566,580)
Net Differences Between Projected and Actual Earnings on Plan Investments	5,718,776	-	2,677,170	-
Total	\$ 8,650,507	\$ (50,851)	\$ 28,354,539	\$ (27,750,680)

\$1,407,490 and \$2,241,062 reported as deferred outflows of resources related to contributions subsequent to the measurement date, for the Miscellaneous and Safety Plans, respectively, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety
2024	\$ 2,575,834	\$ (1,096,870)
2025	1,031,208	(1,232,634)
2026	756,061	(940,806)
2027	2,829,063	1,633,107
2028	-	-
Thereafter	-	-

Payable to the Pension Plan

At June 30, 2023, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 COMPENSATED ABSENCES

For governmental funds, accumulated vacation and sick leave benefits payable at June 30, 2023, was \$4,140,681. The short-term portion of \$1,139,555 and long-term portion of \$3,001,126 is not accounted in the governmental funds but is included in the governmental activities of the government-wide statements. Accumulated vacation and sick leave of \$274,299, of which \$88,052 represents the current portion, is recorded in the individual internal service funds and governmental activities of the government-wide financial statements. For enterprise funds, accumulated vacation and sick leave amounted to \$643,568 of which \$230,052 represents the current portion. The total amount is recorded within the respective proprietary funds and business-type activities of the government-wide statements.

	Balance June 30, 2023	Current Portion
Governmental Funds	\$ 4,140,681	\$ 1,139,555
Internal Service	274,299	88,052
Total Governmental Activities	\$ 4,414,980	\$ 1,227,607
Total Enterprise Funds	\$ 643,568	\$ 230,052

NOTE 12 RISK MANAGEMENT

Workers' Compensation and General Liability

The City has a program of insurance for any liability to City employees arising under the workers' compensation laws for the State of California. By this action, the City will pay all claims up to \$500,000. Amounts in excess of \$500,000, up to \$150,000,000, are covered through an excess commercial insurer. There are no claims that exceed insurance coverage over the last three years.

The City established general liability and workers' compensation internal service funds. The funds have cash and investments of \$4,086,513 and \$7,398,729, respectively.

Actual settlements accrued are accounted for in the appropriate fund. Estimates for all remaining outstanding claims, including an estimate for incurred but not reported claims (IBNR), are not accounted for in the individual funds but are reported in the governmental activities of the government-wide statements under claims and judgements. At June 30, 2023, total actual and estimated claims and judgments payable were as follows:

General Liability	\$ 2,217,000
Workers' Compensation	5,703,000
Total	\$ 7,920,000

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 RISK MANAGEMENT (CONTINUED)

The following are changes in the claims and judgments liability for fiscal years 2023 and 2022:

	Fiscal Year Ended June 30	
	2023	2022
Claims and Judgements - Beginning of Fiscal Year	\$ 7,718,000	\$ 7,682,000
Claims Incurred (Including IBNRs)	891,609	978,166
Claims Paid	(689,609)	(942,166)
	\$ 7,920,000	\$ 7,718,000

NOTE 13 LONG-TERM LIABILITIES

The following is a summary of changes in the long-term liabilities for the fiscal year ended June 30, 2023:

	Balance July 1, 2022 As Restated	Additions	Deletions	Balance June 30, 2023	Current Portion
Governmental Activities:					
Other Long-Term Liabilities:					
Compensated Absences	\$ 4,031,459	\$ 1,752,251	\$ 1,368,730	\$ 4,414,980	\$ 1,227,607
Claims and Judgments	7,718,000	891,609	689,609	7,920,000	1,738,000
Lease Payable	227,389	1,819	75,873	153,335	67,403
Other Debt:					
Certificates of Participation Payable (COP)	4,680,000	-	205,000	4,475,000	215,000
Unamortized Premium on COP	196,509	-	11,559	184,950	11,559
Pension Obligation Bonds	54,939,654	-	2,410,363	52,529,291	2,427,862
Direct Borrowings and Placements:					
Subscriptions Payable	485,569	-	180,166	305,403	179,234
Section 108 Loan	2,000,000	-	125,000	1,875,000	125,000
Total Long-Term Liabilities, Net	\$ 74,278,580	\$ 2,645,679	\$ 5,066,300	\$ 71,857,959	\$ 5,991,665
Business-Type Activities:					
Other Long-Term Liabilities:					
Compensated Absences	\$ 608,089	\$ 299,673	\$ 264,194	\$ 643,568	\$ 230,052
Lease Payable	13,934	-	3,403	10,531	3,456
Direct Borrowings and Placements:					
Water Installment Agreement	17,132,316	-	1,140,756	15,991,560	1,163,388
Other Debt:					
Revenue Bonds Payable	7,370,000	-	855,000	6,515,000	870,000
Pension Obligation Bonds	7,855,346	-	344,637	7,510,709	347,138
Total Long-Term Liabilities, Net	\$ 32,979,685	\$ 299,673	\$ 2,607,990	\$ 30,671,368	\$ 2,614,034

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Claims and judgments, compensated absences, net pension liability and net OPEB liability for the governmental activities are generally liquidated by the General Fund and Internal Service Funds.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

Transportation Revenue Certificates of Participation, Series 2017 A

In August 2017, \$5,625,000 of 2017 Series A certificates of participation bonds were issued to provide funding to repair, upgrade or re-construct residential streets that are in poor to fair condition. The bonds mature annually through 2039, in amounts ranging from \$175,000 to \$355,000. Interest rates vary from 2.0% to a maximum of 5.0% and are payable semiannually on December 1 and June 1. At June 30, 2023, the outstanding balance of these bonds was \$4,475,000. The total debt service requirements to maturity with respect to the certificates included in the governmental-type activities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 215,000	\$ 149,988	\$ 364,988
2025	220,000	145,688	365,688
2026	225,000	140,738	365,738
2027	230,000	135,112	365,112
2028	235,000	129,650	364,650
2029-2033	1,370,000	464,300	1,834,300
2034-2038	1,625,000	209,769	1,834,769
2039-2040	355,000	11,094	366,094
Total	<u>\$ 4,475,000</u>	<u>\$ 1,386,339</u>	<u>\$ 5,861,339</u>

Leases

The City leases equipment and vehicles for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2027 and do not have renewal options.

Total future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 67,403	\$ 1,934	\$ 69,337
2025	58,165	933	59,098
2026	23,538	257	23,795
2027	4,229	19	4,248
Total	<u>\$ 153,335</u>	<u>\$ 3,143</u>	<u>\$ 156,478</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>
Equipment	\$ 88,615
Vehicles	220,408
Less: Accumulated Amortization	(147,354)
Total	<u>\$ 161,669</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Subscription-Based Information Technology Arrangements

The City has entered into subscription based-information technology arrangements (SBITAs) for various software applications. The SBITA arrangements expire at various dates through 2025 and provide for renewal options.

As of June 30, 2023, SBITA assets and the related accumulated amortization totaled \$485,569 and \$179,993, respectively.

The future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 179,234	\$ 4,782	\$ 184,016
2025	126,169	1,981	128,150
Total	<u>\$ 305,403</u>	<u>\$ 6,763</u>	<u>\$ 312,166</u>

Section 108 Loan Payable

The County of Los Angeles provided funds under an interim agreement to loan \$2,500,000 to the City to provide funds for Covina Senior and Community Center. The advance under the interim agreement was replaced by a Section 108 loan under the Community Development Block Grant Program of the Department of Housing and Urban Development. The City makes annual principal amount of \$125,000 commencing August 1, 2018 and annually thereafter and semiannual interest payments on August 1 and February 1 each Year. At June 30, 2023, the outstanding loan balance was \$1,875,000.

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 125,000	\$ 57,369	\$ 182,369
2025	125,000	54,065	179,065
2026	125,000	50,686	175,686
2027	125,000	47,188	172,188
2028	125,000	43,606	168,606
2029-2033	625,000	159,984	784,984
2034-2038	625,000	55,078	680,078
Total	<u>\$ 1,875,000</u>	<u>\$ 467,976</u>	<u>\$ 2,342,976</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities (Continued)

Pension Obligation Bonds

The City issued \$62,795,000 of Taxable Pension Obligation Bonds, Series 2021 (POB), dated August 1, 2021 to fund a portion of the City's obligations to CalPERS for the unfunded actuarial accrued liability with respect to the City's miscellaneous and safety defined benefit pension plans. The City allocated the POB between governmental activities and business-type activities as follows:

Governmental Activities	\$ 52,529,291
Business-Type Activities	7,510,709
	<u>\$ 60,040,000</u>

The POB is due from 2022 through 2046 in annual principal installments of \$65,000 to \$3,585,000. Interest rates range from 0.299% to 3.001% and interest is payable semiannually on February 1 and August 1. The total outstanding principal as of June 30, 2023, is \$60,040,000. The total annual debt service requirements on the POB are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,775,000	\$ 1,325,409	\$ 4,100,409
2025	2,785,000	1,308,903	4,093,903
2026	2,805,000	1,284,896	4,089,896
2027	2,835,000	1,252,752	4,087,752
2028	2,870,000	1,211,853	4,081,853
2029-2033	15,145,000	5,227,118	20,372,118
2034-2038	16,985,000	3,313,290	20,298,290
2039-2043	11,165,000	1,140,155	12,305,155
2044-2046	2,675,000	121,766	2,796,766
Total	<u>\$ 60,040,000</u>	<u>\$ 16,186,142</u>	<u>\$ 76,226,142</u>

The annual debt service requirements will be allocated 97% to governmental activities and 3% to business-type activities.

Business-Type Activities

Leases

The City leases equipment under a noncancelable lease agreement. The lease expires in 2026 and does not have a renewal option.

Total future principal and interest payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,456	\$ 140	\$ 3,596
2025	3,510	85	3,595
2026	3,565	30	3,595
Total	<u>\$ 10,531</u>	<u>\$ 255</u>	<u>\$ 10,786</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Leases (Continued)

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Business-Type Activities
Equipment	\$ 17,306
Less: Accumulated Amortization	(6,922)
Total	\$ 10,384

Revenue Bonds Payable, Sewer Enterprise Fund

Wastewater Sewer Revenue Bonds – 2019 Taxable Wastewater Revenue Refunding Bonds

In August 2020, the City, issued \$9,930,000 2019 Taxable Wastewater Revenue Refunding Bonds (2019 Bonds) for the purpose of refunding the Sewer Revenue Bonds issued in 2009 and paying issuance costs related to the 2019 Bonds. Proceeds from the 2019 Bonds and reserve funds from the 2009 Bonds were deposited in a redemption fund to redeem the outstanding amount of \$10,740,000 2009 Bonds on October 1, 2019.

Interest on the 2019 Bonds is payable semi-annually on October 1 and April 1 of year at rates ranging from 1.966% to 2.686% with principal payable October 1 commencing October 1, 2019. The 2019 Bonds are not subject to optional redemption prior to their stated maturities. A reserve fund has not been established for the 2019 Bonds.

The bonds are secured by a pledge of the net revenues received by the City for the sewer fees. Net Revenues will be equal to 120% of the fiscal year debt service if there is a transfer from a rate stabilization fund. Net revenues without the inclusion of a transfer from the rate stabilization fund will be at least equal to 100% of the fiscal year debt service requirement. Total principal and interest remaining to be paid on the bonds is \$7,117,368. Principal and interest paid for the current fiscal year and customer net revenues were \$1,023,768 and \$1,162,771, respectively.

The total debt service requirements to maturity with respect to the certificates included in the business-type activities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 870,000	\$ 150,861	\$ 1,020,861
2025	885,000	132,088	1,017,088
2026	905,000	111,745	1,016,745
2027	930,000	89,301	1,019,301
2028	950,000	65,135	1,015,135
2029-2030	1,975,000	53,238	2,028,238
Total	\$ 6,515,000	\$ 602,368	\$ 7,117,368

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 13 LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities (Continued)

Revenue Bonds Payable, Water Enterprise Fund

BBVA Mortgage Corporation Note Payable

On December 1, 2020, the City through a private placement financed debt in the amount of \$18,883,578 to provide \$5,500,000 in funds for capital projects related to the water enterprise, deposit \$13,284,326 in an escrow fund to refund in advance the 2010 Water Revenue Bonds and the 2010 Lease payable with the remaining funds were used for costs of issuance. The interest rate on the debt is 1.97% with interest and principal payable April 1 and October 1 each year commencing April 1, 2021 through October 1, 2040. In consideration for the BBVA Mortgage Corporation (the Corporation) assistance in refinancing the City's prior obligations, the City sold water capital improvements to the Corporation and concurrently, the Corporation resold

Under the agreement, the City has covenanted that it will prescribe, revise and collect such charges for the services and facilities of its municipal water system which will produce gross revenues that will generate net revenues equal to 1.25 times the maximum debt service. Principal and interest paid for the current year for all water related debt and customer net revenues were \$1,472,701 and \$2,410,150, respectively.

The total debt service requirements to maturity with respect to the note payable included in the business-type activities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,163,388	\$ 309,359	\$ 1,472,747
2025	1,185,418	286,330	1,471,748
2026	976,921	262,871	1,239,792
2027	763,400	245,786	1,009,186
2028	777,173	230,689	1,007,862
2029-2033	4,126,788	916,315	5,043,103
2034-2038	4,551,008	491,277	5,042,285
2039-2041	2,447,464	72,767	2,520,231
Total	<u>\$ 15,991,560</u>	<u>\$ 2,815,394</u>	<u>\$ 18,806,954</u>

NOTE 14 FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific Purposes for which amounts in the funds can be spent. As of June 30, 2023, fund balances for governmental funds are made up of the following:

Nonspendable Fund Balance. Nonspendable fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The not in spendable form criterion includes items that are not expected to be converted to cash (for example, inventories, prepaid amounts and due from successor agency in the General Fund).

CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 FUND BALANCES (CONTINUED)

Restricted Fund Balance. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance. Committed fund balance includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally (for example: resolution and ordinance). Ordinance is the highest level of the City Council's approval.

Assigned Fund Balance. Assigned fund balance comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. *Intent* is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated through its fund balance policy the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) other than the General Fund, that are not classified as nonspendable, restricted or committed.

Unassigned Fund Balance. Unassigned fund Balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

The City Council adopted a Reserve Policy. The policy aims to help reduce the negative impact on the City in times of economic uncertainty and potential losses of funding from other governmental agencies. City reserves are restricted for one-time purposes. The policy establishes minimum requirements for General Fund nondepartmental reserves and provides guidelines for the use of these funds.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 14 FUND BALANCES (CONTINUED)

General Fund Nondepartmental Reserve Requirements

Appropriation for contingencies is maintained at 20% of total General Fund net appropriations for one-time emergencies and economic uncertainties. Excess fund balance at year-end must first be used to replenish the reserve amount at the 20% level.

	General Fund	Measure W	ARPA	Park Development	Nonmajor Governmental	Total
Nonspendable:						
Prepaid Items	\$ 99,526	\$ -	\$ -	\$ -	\$ 8,445	\$ 107,971
Total	99,526	-	-	-	8,445	107,971
Restricted:						
Culture and Recreation	292,674	-	-	-	1,030,905	1,323,579
Redevelopment and Housing	-	-	-	-	3,434,907	3,434,907
Community Development	-	-	-	-	396,861	396,861
Law Enforcement	69,979	-	-	-	427,643	497,622
Transportation and Street Projects	-	-	-	-	7,784,440	7,784,440
Air Quality Projects	-	-	-	-	212,519	212,519
Assessment Districts	-	-	-	-	1,482,674	1,482,674
Storm Water	-	-	-	-	6,032	6,032
Other Capital Projects	-	8,751,626	-	-	312,863	9,064,489
Total	362,653	8,751,626	-	-	15,088,844	24,203,123
Committed:						
Emergency Contingency	9,626,961	-	-	-	-	9,626,961
Community Development	305,189	-	-	-	-	305,189
City Clerk	1,391	-	-	-	-	1,391
Finance	6,500	-	-	-	-	6,500
Law Enforcement	42,679	-	-	-	-	42,679
Culture and Recreation	14,433	-	-	-	-	14,433
Other Capital Projects	425,680	-	-	-	-	425,680
Total	10,422,833	-	-	-	-	10,422,833
Assigned:						
Community Development	1,091	-	-	-	-	1,091
Total	1,091	-	-	-	-	1,091
Unassigned						
Total	22,431,703	-	-	(4,964)	(652,854)	21,773,885
Total	<u>\$ 33,317,806</u>	<u>\$ 8,751,626</u>	<u>\$ -</u>	<u>\$ (4,964)</u>	<u>\$ 14,444,435</u>	<u>\$ 56,508,903</u>

NOTE 15 CONTINGENCIES

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial position of the City.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City provides retiree medical benefits under the CalPERS health plan which provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements. This plan is a single-employer defined benefit plan and does not issue separate financial statements. Copies of the CalPERS's annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814. Eligible employees that do not participate in the CalPERS health plan are eligible to receive monthly payments from the City. These benefits are accounted for under the OPEB liability.

Eligibility

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 (unless disabled) and are eligible for a PERS pension. The benefits are available only to employees who retire from the City. Membership of the plan consisted of the following at the June 30, 2022 measurement date:

Active Plan Members	173
Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	146
Total	319

Contributions

The contribution requirements of plan members and the City are established and may be amended by the City and the City Council. The City must agree to make a defined monthly payment toward the cost of each retiree's overage. For fiscal year 2023, \$453,322 was contributed as insurance premiums, and an implicit subsidy \$106,667 totaling \$559,989.

B. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified. The actuarial assumptions were based on a review of plan experience during the period July 1, 2020 to June 30, 2022.

Valuation Date	June 30, 2022
Funding Method	Entry-age normal cost, level percent of pay
Discount Rate	4.28%
Investment Rate of Return	4.50% per year net of expenses
Inflation	2.75%
Aggregate Payroll Increases	2.75%
Mortality Rate - Miscellaneous	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study. Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Mortality Rate - Safety	Preretirement Mortality Rates for Public Agency Police and Fire from 2021 CalPERS Experience Study. Postretirement Mortality Rates for Public Agency Police and Fire from 2021 CalPERS Experience Study. 6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040- 2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.
Healthcare Trend Rate	

Long-Term Expected Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real rate of return plus inflation (rounded to the nearest 25 basis point where appropriate).

The table below reflects the long-term expected real rate of return by asset class (based on published capital market assumptions).

Asset Class	Assumed Asset Allocation	Real Rate of Return
Broad U.S. Equity	20 %	4.40 %
U.S. Fixed	75 %	1.80 %
Cash Equivalents	5 %	0.20 %
Total	<u>100 %</u>	

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Net OPEB Liability (Continued)

Discount Rate

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. This has resulted in a blended discount rate of 4.28%, which takes into account the long-term expected rate of return of 4.5% and the Bond Buyer 20-Bond GO Index municipal bond rate of 3.69%.

Change in Assumptions

The discount rate was changed from 3.81% to 4.28%.

C. Change in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$ 7,188,372	\$ 1,090,237	\$ 6,098,135
Changes Recognized for the Measurement Period:			
Service Cost	252,323	-	252,323
Interest on the Total OPEB Liability	273,031	-	273,031
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	737,525	-	737,525
Changes of Assumptions	(286,721)	-	(286,721)
Contribution from the Employer	-	654,251	(654,251)
Net Investment Income	-	(127,979)	127,979
Administrative Expenses	-	(6,675)	6,675
Benefit Payments	(554,251)	(554,251)	-
Net Changes During July 1, 2021 to June 30, 2022	421,907	(34,654)	456,561
Balance at June 30, 2022 (Measurement Date)	<u>\$ 7,610,279</u>	<u>\$ 1,055,583</u>	<u>\$ 6,554,696</u>

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Change in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.28%) or one percentage point higher (5.28%) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
\$ 7,415,723	\$ 6,554,696	\$ 5,832,813

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Trend	1% Increase
Net OPEB Liability	\$ 6,017,720	\$ 6,554,696	\$ 7,234,292

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$647,866. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 559,989	\$ -
Differences Between Actual and Expected Experience	1,114,447	(244,578)
Change in Assumptions	454,033	(899,536)
Net Differences Between Projected and Actual Earnings	132,339	-
Total	\$ 2,260,808	\$ (1,144,114)

The change in assumptions and differences between actual and expected experience are amortized over the expected average remaining service life. The expected average remaining service life for the 2022 measurement period is 7.3 years.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 16 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
(Continued)**

\$559,989 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 166,274
2025	154,754
2026	90,153
2027	71,500
2028	33,462
Thereafter	40,562

E. Payable to the OPEB Plan

At June 30, 2023, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE 17 RELATED PARTY TRANSACTIONS

The City entered into an agreement with Covina Irrigating Company (CIC) for the pumping, treating, and delivering the water to City reservoirs. During the fiscal year, the City paid \$2,993,392 to the Covina Irrigating Company for the services of pumping, treating and delivery of water.

NOTE 18 ENCUMBRANCES

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to contracts not yet performed and purchase orders not yet filled (executory contracts; and open purchase orders). Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities but, rather, as restricted or assigned governmental fund balance.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 18 ENCUMBRANCES (CONTINUED)

As of June 30, 2023, total governmental fund encumbrance balances for the City are as follows:

General Fund	\$	66,971
Measure W		233,723
ARPA Fund		774,790
Park Development Fund		237,152
Nonmajor Governmental Fund		2,918,183
Total Governmental Funds		\$ 4,230,819

NOTE 19 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA)

The assets and liabilities of the former Redevelopment Agency were transferred to the Successor Agency of the Covina Redevelopment Agency on February 1, 2012, as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for the assets and liabilities. Disclosure related to long-term liabilities are as follows:

Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Current Portion
Compensated Absences	\$ 32,921	\$ 3,585	\$ -	\$ 36,506	\$ 13,192
Tax Allocation Bonds	5,575,000	-	2,765,000	2,810,000	2,810,000
Unamortized Premium on Tax Allocation Bonds	639,019	-	115,206	523,813	-
Total Long-Term Liabilities, Net	\$ 6,246,940	\$ 3,585	\$ 2,880,206	\$ 3,370,319	\$ 2,823,192

Tax Allocation Revenue Bonds of 2004 Series B

On November 1, 2004, the Agency issued \$9,610,000 Tax Allocation Revenue Bonds of 2004, Series B. Interest is payable semiannually on June 1 and December 1 of each year at rates of interest ranging from 2.74% to 3.94%. The bonds are taxable and payment of principal on the bonds began December 1, 2005, and they are due on December 1 each year until 2023. The outstanding principal balance as of June 30, 2023 was \$375,000.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 19 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA) (CONTINUED)

Long-Term Liabilities (Continued)

Tax Allocation Revenue Refunding Bonds of 2013, Series E

On December 24, 2013, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2013E Tax Allocation Revenue Refunding Bonds in the amount of \$12,151,600. The purpose of the issue was to refund and defease the 1997 B Revenue Bonds and 2002 A Revenue Bonds plus accreted interest thereon. The proceeds from this issue plus any reserve funds remaining for the 1997 B and 2002 A bonds was used to fund an escrow account which were used to redeem the 1997 B and 2002 A bonds on January 22, 2014. The redemption price was equal to 100% of the 1997 B and 101% of the accreted value of the 2002 E.

The 2013 bonds are issued as \$9,460,000 in serial bonds with a maturity date of December 1, 2023. These bonds carry interest at 3-5%. Also issued was \$1,756,600 in Capital Appreciation Bonds with final maturity of December 1, 2020. Interest rates are 3.5-4%.

The bonds are secured by tax revenues generated within the project area and as allocated for the payment of the debt by the County of Los Angeles per recognized obligation schedule.

The outstanding principal balance of the bonds at June 30, 2023 is \$2,385,000.

Tax Allocation Revenue Refunding Bonds of 2014, Series E

On December 17, 2014, the Successor Agency of the former Covina Redevelopment Agency issued (through the County of Los Angeles Redevelopment Refunding Authority) 2014A Tax Allocation Revenue Refunding Bonds in the amount of \$6,985,000. The purpose of the issue was to refund and defease the 1997 A Revenue Bonds and 2004 A Revenue Bonds. The proceeds from this issue plus any reserve funds remaining for the 1997 A and 2004 A bonds was used to fund an escrow account which was used to redeem the 1997 A and 2004 A bonds on January 8, 2015. The redemption price was equal to 100% of the 1997 A Revenue Bonds 2004 A Revenue Bonds.

The 2014 bonds were issued as \$6,985,000 in serial bonds with a maturity date of December 15, 2023. These bonds carry interest at 2-5%.

The bonds are secured by tax revenues generated within the project area and as allocated for the payment of the debt by the County of Los Angeles per recognized obligation schedule.

**CITY OF COVINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 19 SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY (SACRA) (CONTINUED)

Long-Term Liabilities (Continued)

Tax Allocation Revenue Refunding Bonds of 2014, Series E June 30, 2023 (Continued)

The outstanding principal balance of the bonds at June 30, 2023 is \$50,000.

Debt Service requirements to maturity with respect to SACRA's Tax Allocation Bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	<u>\$ 2,810,000</u>	<u>\$ 70,944</u>	<u>\$ 2,880,944</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COVINA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS
LAST TEN MEASUREMENT PERIODS *

Fiscal Year Ended June 30, Measurement Period June 30,	2023 <u>2022</u>	2022 <u>2021</u>	2021 <u>2020</u>	2020 <u>2019</u>
Total Pension Liability:				
Service Cost	\$ 1,576,526	\$ 1,411,076	\$ 1,493,026	\$ 1,380,689
Interest on Total Pension Liability	7,125,461	6,951,248	6,728,565	6,507,596
Differences Between Expected and Actual Experience	(107,352)	207,569	129,660	2,271,369
Changes in Assumptions	3,217,843	-	-	-
Changes in Benefits	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(5,619,036)</u>	<u>(5,397,430)</u>	<u>(5,150,041)</u>	<u>(4,817,247)</u>
Net Change in Total Pension Liability	6,193,442	3,172,463	3,201,210	5,342,407
Total Pension Liability - Beginning of Year	<u>102,178,321</u>	<u>99,005,858</u>	<u>95,804,648</u>	<u>90,462,241</u>
Total Pension Liability - End of Year (a)	<u><u>\$ 108,371,763</u></u>	<u><u>\$ 102,178,321</u></u>	<u><u>\$ 99,005,858</u></u>	<u><u>\$ 95,804,648</u></u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 28,388,909	\$ 2,994,204	\$ 2,794,762	\$ 2,386,884
Contributions - Employee	675,453	648,674	652,852	656,805
Plan to Plan Resource Movement	-	-	(1,599)	-
Net Investment Income	(7,776,639)	15,110,547	3,264,202	4,117,352
Benefit Payments	(5,619,036)	(5,397,430)	(5,150,041)	(4,817,247)
Administrative Expense	<u>(50,344)</u>	<u>(67,457)</u>	<u>(93,130)</u>	<u>(45,355)</u>
Net Change in Plan Fiduciary Net Position	15,618,343	13,288,538	1,467,046	2,298,439
Plan Fiduciary Net Position - Beginning of Year	<u>80,817,014</u>	<u>67,528,476</u>	<u>66,061,430</u>	<u>63,762,991</u>
Plan Fiduciary Net Position - End of Year (b)	<u><u>\$ 96,435,357</u></u>	<u><u>\$ 80,817,014</u></u>	<u><u>\$ 67,528,476</u></u>	<u><u>\$ 66,061,430</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 11,936,406</u></u>	<u><u>\$ 21,361,307</u></u>	<u><u>\$ 31,477,382</u></u>	<u><u>\$ 29,743,218</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.99%	79.09%	68.21%	68.95%
Covered Payroll	\$ 8,337,323	\$ 7,882,583	\$ 7,996,049	\$ 7,646,268
Net Pension Liability as Percentage of Covered Payroll	143.17%	270.99%	393.66%	388.99%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022: There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023: The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

* Fiscal year 2015 was the first year of implementation and therefore only nine years are shown.

See accompanying Note to Required Supplementary Information.

CITY OF COVINA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
MISCELLANEOUS
LAST TEN MEASUREMENT PERIODS *

Fiscal Year Ended June 30, Measurement Period June 30,	2019 <u>2018</u>	2018 <u>2017</u>	2017 <u>2016</u>	2016 <u>2015</u>	2015 <u>2014</u>
Total Pension Liability:					
Service Cost	\$ 1,347,039	\$ 1,152,992	\$ 1,486,092	\$ 1,420,544	\$ 1,399,079
Interest on Total Pension Liability	6,146,087	5,977,026	6,066,839	5,848,966	5,596,243
Differences Between Expected and Actual Experience	90,424	(3,886,390)	(362,755)	269,486	-
Changes in Assumptions	(479,050)	5,024,331	-	(1,428,592)	-
Changes in Benefits	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(4,633,255)</u>	<u>(4,314,593)</u>	<u>(4,154,693)</u>	<u>(4,028,300)</u>	<u>(3,984,640)</u>
Net Change in Total Pension Liability	2,471,245	3,953,366	3,035,483	2,082,104	3,010,682
Total Pension Liability - Beginning of Year	<u>87,990,996</u>	<u>84,037,630</u>	<u>81,002,147</u>	<u>78,920,043</u>	<u>75,909,361</u>
Total Pension Liability - End of Year (a)	<u>\$ 90,462,241</u>	<u>\$ 87,990,996</u>	<u>\$ 84,037,630</u>	<u>\$ 81,002,147</u>	<u>\$ 78,920,043</u>
Plan Fiduciary Net Position:					
Contributions - Employer	\$ 2,064,731	\$ 1,424,175	\$ 1,410,961	\$ 1,599,026	\$ 1,453,480
Contributions - Employee	666,102	565,326	578,334	781,508	865,295
Plan to Plan Resource Movement	(148)	24,693	-	9,481	-
Net Investment Income	5,103,206	6,234,088	296,745	1,328,803	8,890,960
Benefit Payments	(4,633,255)	(4,314,593)	(4,154,693)	(4,028,300)	(3,984,640)
Administrative Expense	<u>(274,830)</u>	<u>(84,138)</u>	<u>(35,892)</u>	<u>(66,233)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	2,925,806	3,849,551	(1,904,545)	(375,715)	7,225,095
Plan Fiduciary Net Position - Beginning of Year	<u>60,837,185</u>	<u>56,987,634</u>	<u>58,892,179</u>	<u>59,267,894</u>	<u>52,042,799</u>
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 63,762,991</u>	<u>\$ 60,837,185</u>	<u>\$ 56,987,634</u>	<u>\$ 58,892,179</u>	<u>\$ 59,267,894</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 26,699,250</u>	<u>\$ 27,153,811</u>	<u>\$ 27,049,996</u>	<u>\$ 22,109,968</u>	<u>\$ 19,652,149</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.49%	69.14%	67.81%	72.70%	75.10%
Covered Payroll	\$ 6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419	\$ 7,967,419
Net Pension Liability as Percentage of Covered Payroll	435.48%	309.20%	318.33%	277.50%	246.66%

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
SCHEDULE OF CONTRIBUTIONS – MISCELLANEOUS
LAST TEN FISCAL YEARS***

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,407,490	\$ 3,287,810	\$ 2,995,659	\$ 2,794,762	\$ 2,386,725	\$ 1,424,175	\$ 1,430,571	\$ 1,599,026	\$ 1,453,480
Contributions in Relation to the Actuarially Determined Contributions	(1,407,490)	(28,389,913)	(2,995,659)	(2,794,762)	(2,386,725)	(2,078,674)	(1,430,571)	(1,599,026)	(1,453,480)
Contribution Deficiency (Excess)	\$ -	\$ (25,102,103)	\$ -	\$ -	\$ -	\$ (654,499)	\$ -	\$ -	\$ -
Covered Payroll	\$ 8,786,730	\$ 8,337,323	\$ 7,882,583	\$ 7,996,049	\$ 7,646,268	\$ 6,130,981	\$ 8,782,015	\$ 8,497,600	\$ 7,967,419
Contributions as a Percentage of Covered Payroll	16.02%	340.52%	38.00%	34.95%	31.21%	33.90%	16.29%	18.82%	18.24%
Notes to Schedule: Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:									
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.30%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Mortality	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

See accompanying Note to Required Supplementary Information.

CITY OF COVINA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
SAFETY
LAST TEN MEASUREMENT PERIODS*

Fiscal Year Ended June 30, Measurement Period June 30,	Safety								
	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Plan's Proportion of the Net Pension Liability	0.24672%	0.77033%	0.58950%	0.56627%	0.54852%	0.56064%	0.56696%	0.46197%	0.41430%
Plan's Proportionate Share of the Net Pension Liability	\$ 16,953,344	\$ 27,034,631	\$ 39,280,317	\$ 35,349,515	\$ 32,026,302	\$ 30,950,899	\$ 26,302,740	\$ 19,035,092	\$ 15,540,223
Plan's Covered Payroll	\$ 7,155,333	\$ 6,861,894	\$ 6,490,821	\$ 6,548,655	\$ 6,325,051	\$ 6,325,051	\$ 6,672,936	\$ 6,433,232	\$ 6,575,024
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	236.93%	393.98%	605.17%	539.80%	506.34%	489.34%	394.17%	295.89%	236.35%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.78%	79.78%	75.26%	75.26%	85.14%	85.14%	79.48%	81.50%	84.45%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016: GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017: There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018: The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2022: There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023: The discount rate and long-term rate of return decreased from 7.15% to 6.90% and the inflation rate decreased from 2.50% to 2.30%.

* Fiscal year 2015 was the first year of implementation and therefore only nine years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
SCHEDULE OF CONTRIBUTIONS – SAFETY
LAST TEN FISCAL YEARS***

Fiscal Year Ended June 30,	Safety								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution (Actuarially Determined)	\$ 2,241,062	\$ 4,346,122	\$ 3,885,326	\$ 2,758,911	\$ 2,360,587	\$ 1,969,480	\$ 1,730,321	\$ 1,549,717	\$ 1,241,075
Contributions in Relation to the Actuarially Determined Contributions	<u>(2,241,062)</u>	<u>(36,196,719)</u>	<u>(3,885,326)</u>	<u>(2,758,911)</u>	<u>(2,360,587)</u>	<u>(1,969,480)</u>	<u>(1,730,321)</u>	<u>(1,549,717)</u>	<u>(1,241,075)</u>
Contribution Deficiency (Excess)	\$ -	\$ (31,850,597)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 7,971,446	\$ 7,155,333	\$ 6,861,894	\$ 6,490,821	\$ 6,548,655	\$ 6,325,051	\$ 6,325,051	\$ 6,672,936	\$ 6,433,232
Contributions as a Percentage of Covered Payroll	28.11%	505.87%	56.62%	42.50%	36.05%	31.14%	27.36%	23.22%	19.29%
Notes to Schedule: Valuation Date	June 30, 2018	June 30, 2018	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.30%	2.50%	2.50%	2.63%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.9% (3)	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Mortality	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)

(1) Level percentage of payroll, closed.

(2) Depending on age, service and type of employment.

(3) Net of pension plan investment expense, including inflation.

(4) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only nine years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT PERIODS***

Fiscal Year-End June 30,	2023	2022	2021	2020	2019	2018
Measurement Date June 30,	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 252,323	\$ 263,838	\$ 315,436	\$ 271,591	\$ 173,634	\$ 155,856
Interest on Total OPEB Liability	273,031	252,672	234,306	253,720	285,949	287,858
Changes in Benefit Terms	-	-	70,024	-	-	-
Difference Between Expected and Actual Experience	737,525	-	770,579	-	(963,933)	-
Change in Assumptions and Other Inputs	(286,721)	(348,629)	(631,555)	355,233	1,264,415	-
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(554,251)</u>	<u>(556,834)</u>	<u>(510,755)</u>	<u>(457,669)</u>	<u>(411,596)</u>	<u>(413,635)</u>
Net Change in Total OPEB Liability	421,907	(388,953)	248,035	422,875	348,469	30,079
Total OPEB Liability - Beginning of Year	<u>7,188,372</u>	<u>7,577,325</u>	<u>7,329,290</u>	<u>6,906,415</u>	<u>6,557,946</u>	<u>6,527,867</u>
Total OPEB Liability - End of Year (a)	<u>7,610,279</u>	<u>7,188,372</u>	<u>7,577,325</u>	<u>7,329,290</u>	<u>6,906,415</u>	<u>6,557,946</u>
Plan Fiduciary Net Position:						
Contributions - Employer	654,251	1,056,834	510,755	457,669	411,596	413,635
Net Investment Income	(127,979)	47,030	27,077	34,489	9,519	18,600
Administrative Expenses	(6,675)	(3,353)	(3,091)	(2,728)	(2,630)	(2,372)
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	<u>(554,251)</u>	<u>(556,834)</u>	<u>(510,755)</u>	<u>(457,669)</u>	<u>(411,596)</u>	<u>(413,635)</u>
Net Change in Plan Fiduciary Net Position	(34,654)	543,677	23,986	31,761	6,889	16,228
Plan Fiduciary Net Position - Beginning of Year	<u>1,090,237</u>	<u>546,560</u>	<u>522,574</u>	<u>490,813</u>	<u>483,924</u>	<u>467,696</u>
Plan Fiduciary Net Position - End of Year (b)	<u>1,055,583</u>	<u>1,090,237</u>	<u>546,560</u>	<u>522,574</u>	<u>490,813</u>	<u>483,924</u>
Net OPEB Liability - Ending (a)-(b)	<u>\$ 6,554,696</u>	<u>\$ 6,098,135</u>	<u>\$ 7,030,765</u>	<u>\$ 6,806,716</u>	<u>\$ 6,415,602</u>	<u>\$ 6,074,022</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.87%	15.17%	7.21%	7.13%	7.11%	7.38%
Covered - Employee Payroll	\$ 20,087,715	\$ 19,596,677	\$ 18,127,870	\$ 17,042,879	\$ 13,316,004	\$ 12,959,615
Net OPEB Liability as Percentage of Covered - Employee Payroll	32.63%	31.12%	38.78%	39.94%	48.18%	46.87%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The fiscal year ended June 30, 2018 is the first year of implementation. For fiscal year ended June 30, 2020, discount rate was changed to 3.17% from 3.63%, inflation rate remained 3.0% and health care trend was changed to 5.9% in 2019 decreasing to 5% in 2028. For fiscal year ended June 30, 2021, the discount rate was changed to 3.34% from 3.17% and the health care trend rate was changed to 4% decreasing to 3.5% for 2024 and later years. For fiscal year ended June 30, 2022, the discount rate was changed to 3.81% from 3.34% and the health care trend rate was changed to 4.0% for 2021-2023, 5.2% for 2024-2069 and 4.0% for 2070 and later June 30, 2023, the discount rate was changed to 4.28% from 3.81% and the health care trend rate was changed to 6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare rates: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.

* Fiscal year 2018 was the first year of implementation and therefore only six years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS***

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution	\$ 701,634	\$ 490,144	\$ 556,834	\$ 511,353	\$ 497,668	\$ 409,995
Contributions in Relation to the Actuarially Determined Contributions	<u>(559,989)</u>	<u>(553,834)</u>	<u>(477,026)</u>	<u>(511,353)</u>	<u>(497,668)</u>	<u>(409,995)</u>
Contribution Deficiency (Excess)	<u>\$ 141,645</u>	<u>\$ (63,690)</u>	<u>\$ 79,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 21,814,848	\$ 20,087,715	\$ 19,596,677	\$ 18,127,870	\$ 17,042,879	\$ 13,316,004
Contributions as a Percentage of Covered Employee Payroll	2.57%	2.76%	2.43%	2.82%	2.92%	3.08%
Notes to Schedule: Valuation Date	June 30, 2020	June 30, 2020	June 30, 2020	June 30, 2018	June 30, 2018	June 30, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Discount Rate	3.69%	1.92%	2.45%	3.17%	3.65%	4.50%
Inflation	2.75%	2.75%	2.75%	3.00%	3.00%	2.75%
Mortality Rate	(2)	(2)	(2)	(1)	(1)	(1)
Healthcare Trend Rate						

- (1) 2014 CalPERS Mortality Rate for Active Safety, Retired Safety and Active Miscellaneous.
(2) 2017 CalPERS Mortality Rate for Active Safety, Retired Safety and Active Miscellaneous.

* Fiscal year 2018 was the first year of implementation and therefore only six years are shown.

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE - JULY 1	\$ 27,399,126	\$ 27,399,126	\$ 27,399,126	\$ -
Resources (Inflows):				
Property Taxes	14,519,000	14,619,000	16,235,596	1,616,596
Sales Tax, Intergovernmental	19,000,000	19,900,000	20,281,592	381,592
Transient Occupancy Taxes	50,000	160,000	193,649	33,649
Property Transfer Taxes	200,000	200,000	214,879	14,879
Business License Taxes	335,000	335,000	430,348	95,348
Utility User Taxes	4,840,000	4,970,000	6,041,869	1,071,869
Franchise Taxes	2,106,000	2,106,000	2,393,981	287,981
Licenses and Permits	1,355,500	1,395,500	1,565,187	169,687
Intergovernmental	686,006	712,751	959,936	247,185
Charges for Services	4,564,183	4,480,171	4,752,066	271,895
Fines and Forfeits	910,000	910,000	1,340,191	430,191
Investment Earnings	89,000	89,000	367,176	278,176
Miscellaneous	195,605	608,210	766,551	158,341
Lease Proceeds	-	-	1,819	1,819
Transfers In	3,300,000	300,000	300,000	-
Amounts Available for Appropriation	<u>79,549,420</u>	<u>78,184,758</u>	<u>83,243,966</u>	<u>5,059,208</u>
Charges to Appropriations (Outflows):				
Current:				
General Government	2,755,528	3,041,526	2,599,832	441,694
Public Safety	35,338,837	32,481,837	29,910,759	2,571,078
Public Works	2,547,419	2,675,969	2,359,745	316,224
Culture and Recreation	4,957,054	5,211,367	4,493,659	717,708
Community Development	2,718,534	4,019,479	2,876,568	1,142,911
Debt Service:				
Principal Retirement	2,309,742	2,309,742	2,309,742	-
Interest and Fiscal Charges	1,119,875	1,122,925	1,124,775	(1,850)
Transfers Out	2,725,772	9,204,727	4,251,080	4,953,647
Total Charges to Appropriation	<u>54,472,761</u>	<u>60,067,572</u>	<u>49,926,160</u>	<u>10,141,412</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 25,076,659</u>	<u>\$ 18,117,186</u>	<u>\$ 33,317,806</u>	<u>\$ 15,200,620</u>

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
BUDGETARY COMPARISON SCHEDULE
MEASURE W FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 1,701,963	\$ 1,701,963	\$ -
Resources (Inflows):			
Intergovernmental	7,865,084	7,362,948	(502,136)
Investment Earnings	2,800	107,610	104,810
Amounts Available for Appropriation	<u>9,569,847</u>	<u>9,172,521</u>	<u>(397,326)</u>
Charges to Appropriations (Outflows):			
Capital Outlay	<u>1,711,922</u>	<u>420,895</u>	<u>1,291,027</u>
Total Charges to Appropriation	<u>1,711,922</u>	<u>420,895</u>	<u>1,291,027</u>
BUDGETARY FUND BALANCE - JUNE 30	<u><u>\$ 7,857,925</u></u>	<u><u>\$ 8,751,626</u></u>	<u><u>\$ 893,701</u></u>

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
BUDGETARY COMPARISON SCHEDULE
PARK DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Budget		
BUDGETARY FUND BALANCE (DEFICIT) - JULY 1	\$ (215,317)	\$ (215,317)	\$ (215,317)	\$ -
Resources (Inflows):				
Intergovernmental	16,547,532	16,547,532	304,422	(16,243,110)
Transfers In	4,446,898	4,446,898	716,512	(3,730,386)
Amounts Available for Appropriation	<u>20,779,113</u>	<u>20,779,113</u>	<u>805,617</u>	<u>(19,973,496)</u>
Charges to Appropriations (Outflows):				
Capital Outlay	<u>20,501,518</u>	<u>20,501,518</u>	<u>810,581</u>	<u>19,690,937</u>
Total Charges to Appropriation	<u>20,501,518</u>	<u>20,501,518</u>	<u>810,581</u>	<u>19,690,937</u>
BUDGETARY FUND BALANCE (DEFICIT) - JUNE 30	<u>\$ 277,595</u>	<u>\$ 277,595</u>	<u>\$ (4,964)</u>	<u>\$ (282,559)</u>

See accompanying Note to Required Supplementary Information.

**CITY OF COVINA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. City departments submit budget and service requests to the City Manager. The City Manager prepares a recommended budget to be presented to the City Council.
2. The annual budget is adopted by the City Council on or before June 30 of each fiscal year after holding public hearings to receive input for the general operation of the City. The operating budget includes proposed expenditures and the means of financing them.
3. The appropriated budget is prepared by fund, program and activity. Departments may make appropriation transfers within activities. The City Manager is authorized to make appropriation transfers between activities within funds excluding the contingency appropriation. The City Council approves total budgeted appropriations and any amendments between funds and the use of contingency appropriation. This appropriated budget covers City expenditures in all governmental funds. Actual expenditures may not exceed budgeted appropriations at the fund level. Budget figures used in the accompanying financial statements are the original budget including prior year carryovers and the final budget including current year amendments.
4. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Encumbrances at year-end lapse, and then are added to the following year's budgeted appropriations.
5. Annual budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items other than the American Rescue Plan Act (ARPA) Fund which did not have an adopted budget. No budgetary comparisons are presented for the proprietary funds, as the City is not legally required to adopt budgets for this fund type.
6. Appropriation for capital projects and certain grants and contributions authorized but not constructed or completed during the year lapse at year-end, and then are included as part of appropriations in the following years' annual budget.
7. Under Article XIII B of the California Constitution (the Gann Spending Limitation), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements.

SUPPLEMENTARY INFORMATION

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**CITY OF COVINA
OTHER GOVERNMENTAL FUNDS
NONMAJOR GOVERNMENTAL FUNDS**

Special revenue funds account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and /or resolution to finance particular functions, or activities. Non-major special revenue governmental funds of the City are as follows:

Community Development Block Grant Fund is a special revenue fund that accounts for the funding from the Department of Housing and Urban Development (HUD) in the form of a Community Block Grant (CDBG) program. The program has specific federal guidelines and all CDBG fund expenditures are monitored for compliance with both federally mandated rules and regulations and County of Los Angeles regulations.

Proposition A Transit Fund accounts for the receipts of the City's share of the 1/2 cent sales tax levied in Los Angeles County for local transit uses.

Law Enforcement Fund accounts for federal and state local law enforcement grants and subventions to finance certain police activities.

Narcotic Seizure Fund accounts for receipts and disbursements associated with the federal, state and local narcotic seizure programs.

State Gas Tax Fund accounts for money apportioned by state statutes of the State of California to provide financing for street maintenance and improvements.

Proposition C Local Return Fund accounts for financial activities for the City's share of Proposition C monies; designated for transportation related activities.

Air Quality Improvement Fund accounts for the motor vehicle fee for air and environmental improvements.

Municipal Parking District Fund accounts for receipts and expenditures for electricity, lot maintenance and engineering services in the various municipal parking lots.

Lighting Assessment District Fund accounts for special assessment collections from benefited properties for street lighting energy and maintenance.

Landscaping Assessment District Fund accounts for special assessment collections from benefited properties for landscape maintenance activities.

Community Facilities District Fund accounts for special assessment collections from benefited properties for community facilities maintenance activities.

Shoppers Lane Parking District Fund accounts for certain business tax registrations to finance parking maintenance and improvements in Shoppers Lane.

Measure M Fund accounts for monies received from Measure M allocation, which can be used to major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

**CITY OF COVINA
OTHER GOVERNMENTAL FUNDS
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

TDA Grant Fund accounts for monies received from the California State Transit Development Act of 1971 on a per capita basis to California cities for transit and non-transit related purposes that comply with regional transition plans, which can be used for construction of pedestrian and bicycle facilities.

Road Maintenance and Rehabilitation Act Fund accounts for the deferred maintenance on the state highway system and the local street and road system.

PEG access Television Fund accounts for the fees received from the cable operators for administration and improvement to any public, educational, and government access television.

Housing Authority Fund administers the housing assets, liabilities, duties, and obligations related to the housing activities retained by the City following the dissolution of the Covina Redevelopment Agency. This fund receives the majority of its revenues from collections and interest on loans.

Measure R Fund accounts for monies received from Measure R allocation, which can be used for major street resurfacing, rehabilitation and reconstruction; pothole repair; left turn signals; bikeway; pedestrian improvements; streetscapes; signal synchronizations; and transit operations.

Other Grants Fund accounts for the various state grant monies for various programs of the City.

Capital projects funds are used to finance and account for the acquisition and construction of major capital facilities other than those financed by other governmental type and proprietary funds. Non-major capital projects governmental funds of the City are as follows:

General Capital Fund accounts for major infrastructure and general improvements not accounted for in other governmental and proprietary funds.

Covina Revitalization Projects Fund accounts for the proceeds from the issuance of 2004 Taxable Tax Allocation Bonds used for the Covina Revitalization Project No. One project cost.

Transportation Fund accounts for monies used for various Public Works Capital Improvement Projects.

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**CITY OF COVINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Community Development Block Grant	Proposition A	Law Enforcement
ASSETS			
Cash and Investments	\$ -	\$ 2,022,614	\$ 1,304
Cash and Investments - Restricted	-	-	-
Receivables:			
Accounts	-	15,045	-
Interest	-	-	-
Leases	-	-	-
Loans	252,505	-	-
Due from Other Governments	21,974	-	71,065
Prepaid Items	-	8,360	-
	<u>-</u>	<u>8,360</u>	<u>-</u>
Total Assets	<u>\$ 274,479</u>	<u>\$ 2,046,019</u>	<u>\$ 72,369</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,682	\$ 90,959	\$ 5,188
Accrued Liabilities	-	-	-
Deposits Payable	-	-	-
Due to Other Governments	252,505	-	-
Due to Other Funds	18,292	-	67,182
Unearned Revenue	-	122	-
Total Liabilities	<u>274,479</u>	<u>91,081</u>	<u>72,370</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases	-	-	-
Unavailable Revenue	-	-	15,414
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>15,414</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	8,360	-
Restricted for:			
Redevelopment and Housing	-	-	-
Community Development	-	-	-
Law Enforcement	-	-	-
Transportation and Street Projects	-	1,946,578	-
Air Quality Projects	-	-	-
Assessment Districts	-	-	-
Culture and Recreation	-	-	-
Storm Water	-	-	-
Other Capital Projects	-	-	-
Unassigned	-	-	(15,415)
Total Fund Balances (Deficits)	<u>-</u>	<u>1,954,938</u>	<u>(15,415)</u>
	<u>-</u>	<u>1,954,938</u>	<u>(15,415)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 274,479</u>	<u>\$ 2,046,019</u>	<u>\$ 72,369</u>

**CITY OF COVINA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District	Lighting Assessment District
\$ 336,817	\$ 78,803	\$ 1,654,064	\$ 195,834	\$ 659,475	\$ -
-	-	-	-	-	-
-	-	-	16,825	1,383	-
-	-	-	-	6	-
-	-	-	-	21,541	-
-	-	-	-	-	-
-	112,649	-	-	14,529	2,543
-	-	-	-	-	-
<u>\$ 336,817</u>	<u>\$ 191,452</u>	<u>\$ 1,654,064</u>	<u>\$ 212,659</u>	<u>\$ 696,934</u>	<u>\$ 2,543</u>
\$ -	\$ 2,945	\$ 82,140	\$ 140	\$ 7,817	\$ 20,206
-	-	-	-	138	-
-	-	-	-	-	13,875
-	-	-	-	-	-
-	-	-	-	-	24,794
-	-	-	-	5	-
-	2,945	82,140	140	7,960	58,875
-	-	-	-	21,470	-
-	-	-	-	-	-
-	-	-	-	21,470	-
-	-	-	-	-	-
-	-	-	-	-	-
336,817	-	-	-	-	-
-	188,507	1,571,924	-	-	-
-	-	-	212,519	-	-
-	-	-	-	667,504	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(56,332)
<u>336,817</u>	<u>188,507</u>	<u>1,571,924</u>	<u>212,519</u>	<u>667,504</u>	<u>(56,332)</u>
<u>\$ 336,817</u>	<u>\$ 191,452</u>	<u>\$ 1,654,064</u>	<u>\$ 212,659</u>	<u>\$ 696,934</u>	<u>\$ 2,543</u>

**CITY OF COVINA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District
ASSETS			
Cash and Investments	\$ 529,675	\$ 248,940	\$ 42,546
Cash and Investments - Restricted	-	-	-
Receivables:			
Accounts	-	-	-
Interest	-	-	-
Leases	-	-	-
Loans	-	-	-
Due from Other Governments	2,437	9,125	-
Prepaid Items	-	-	-
	<u>532,112</u>	<u>258,065</u>	<u>42,546</u>
Total Assets	\$ 532,112	\$ 258,065	\$ 42,546
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 3,155	\$ -	\$ -
Accrued Liabilities	-	-	-
Deposits Payable	13,875	-	-
Due to Other Governments	-	-	-
Due to Other Funds	-	-	-
Unearned Revenue	-	-	523
Total Liabilities	17,030	-	523
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases	-	-	-
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted for:			
Redevelopment and Housing	-	-	-
Community Development	-	-	-
Law Enforcement	-	-	-
Transportation and Street Projects	-	-	-
Air Quality Projects	-	-	-
Assessment Districts	515,082	258,065	42,023
Culture and Recreation	-	-	-
Storm Water	-	-	-
Other Capital Projects	-	-	-
Unassigned	-	-	-
Total Fund Balances (Deficits)	515,082	258,065	42,023
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 532,112	\$ 258,065	\$ 42,546

**CITY OF COVINA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

Measure M	TDA Grant	Road Maintenance and Rehabilitation	PEG Access Television	Housing Authority
\$ 864,652	\$ -	\$ 2,196,807	\$ 567,607	\$ 3,519,344
-	-	-	-	-
-	-	-	16,378	-
-	-	-	-	-
-	-	-	-	-
191	-	200,677	-	-
-	-	-	-	85
<u>\$ 864,843</u>	<u>\$ -</u>	<u>\$ 2,397,484</u>	<u>\$ 583,985</u>	<u>\$ 3,519,429</u>
\$ 450,424	\$ -	\$ -	\$ 1,200	\$ 66,303
-	-	-	-	-
-	-	-	-	18,134
-	-	-	-	-
-	-	-	-	-
450,424	-	-	1,200	84,437
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	85
-	-	-	-	3,434,907
-	-	-	-	-
414,419	-	2,397,484	-	-
-	-	-	-	-
-	-	-	582,785	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
414,419	-	2,397,484	582,785	3,434,992
<u>\$ 864,843</u>	<u>\$ -</u>	<u>\$ 2,397,484</u>	<u>\$ 583,985</u>	<u>\$ 3,519,429</u>

**CITY OF COVINA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Measure R	Other Grants Fund	Total Special Revenue Funds
ASSETS			
Cash and Investments	\$ 471,388	\$ 382,480	\$ 13,772,350
Cash and Investments - Restricted	291	-	291
Receivables:			
Accounts	-	5,405	55,036
Interest	-	-	6
Leases	-	-	21,541
Loans	-	-	252,505
Due from Other Governments	-	-	435,190
Prepaid Items	-	-	8,445
	\$ 471,679	\$ 387,885	\$ 14,545,364
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 16,630	\$ 750,789
Accrued Liabilities	-	-	138
Deposits Payable	-	-	45,884
Due to Other Governments	-	-	252,505
Due to Other Funds	-	-	110,268
Unearned Revenue	-	240,223	240,873
Total Liabilities	-	256,853	1,400,457
 DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Leases	-	-	21,470
Unavailable Revenue	-	-	15,414
Total Deferred Inflows of Resources	-	-	36,884
 FUND BALANCES (DEFICITS)			
Nonspendable	-	-	8,445
Restricted for:			
Redevelopment and Housing	-	-	3,434,907
Community Development	-	-	-
Law Enforcement	-	-	336,817
Transportation and Street Projects	471,679	131,032	7,121,623
Air Quality Projects	-	-	212,519
Assessment Districts	-	-	1,482,674
Culture and Recreation	-	-	582,785
Storm Water	-	-	-
Other Capital Projects	-	-	-
Unassigned	-	-	(71,747)
Total Fund Balances (Deficits)	471,679	131,032	13,108,023
	\$ 471,679	\$ 387,885	\$ 14,545,364
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 471,679	\$ 387,885	\$ 14,545,364

**CITY OF COVINA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

General Projects	Covina Revitalization Projects	Transportation	Total Capital Projects	Total Nonmajor Governmental Funds
\$ 1,819,454	\$ 272,718	\$ -	\$ 2,092,172	\$ 15,864,522
-	-	-	-	291
-	-	-	-	55,036
-	-	-	-	6
-	-	-	-	21,541
-	-	-	-	252,505
188,268	-	754,595	942,863	1,378,053
-	-	-	-	8,445
<u>\$ 2,007,722</u>	<u>\$ 272,718</u>	<u>\$ 754,595</u>	<u>\$ 3,035,035</u>	<u>\$ 17,580,399</u>
\$ 200,794	\$ 6,889	\$ 88,990	\$ 296,673	\$ 1,047,462
55,346	-	-	55,346	55,484
-	-	-	-	45,884
-	-	-	-	252,505
-	-	665,605	665,605	775,873
25,000	-	-	25,000	265,873
<u>281,140</u>	<u>6,889</u>	<u>754,595</u>	<u>1,042,624</u>	<u>2,443,081</u>
-	-	-	-	21,470
74,892	-	581,107	655,999	671,413
<u>74,892</u>	<u>-</u>	<u>581,107</u>	<u>655,999</u>	<u>692,883</u>
-	-	-	-	8,445
-	-	-	-	3,434,907
-	265,829	-	265,829	265,829
90,826	-	-	90,826	427,643
793,849	-	-	793,849	7,915,472
-	-	-	-	212,519
-	-	-	-	1,482,674
448,120	-	-	448,120	1,030,905
6,032	-	-	6,032	6,032
312,863	-	-	312,863	312,863
-	-	(581,107)	(581,107)	(652,854)
<u>1,651,690</u>	<u>265,829</u>	<u>(581,107)</u>	<u>1,336,412</u>	<u>14,444,435</u>
<u>\$ 2,007,722</u>	<u>\$ 272,718</u>	<u>\$ 754,595</u>	<u>\$ 3,035,035</u>	<u>\$ 17,580,399</u>

**CITY OF COVINA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2023**

	Community Development Block Grant	Proposition A	Law Enforcement
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Business License Taxes	-	-	-
Intergovernmental	403,095	1,322,690	551,457
Charges for Services	-	102,550	-
Special Assessments	-	-	-
Investment Earnings	-	39,260	2,715
Miscellaneous	-	41,799	-
Total Revenues	<u>403,095</u>	<u>1,506,299</u>	<u>554,172</u>
EXPENDITURES			
Current:			
Public Safety	-	-	432,576
Public Works	-	-	-
Culture and Recreation	-	-	-
Transit	-	967,643	-
Redevelopment and Housing	217,498	-	-
Capital Outlay	-	100,000	-
Debt Service:			
Principal Retirement	125,000	-	-
Interest	60,597	-	-
Total Expenditures	<u>403,095</u>	<u>1,067,643</u>	<u>432,576</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	438,656	121,596
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	438,656	121,596
Fund Balances (Deficits) - Beginning of Year	<u>-</u>	<u>1,516,282</u>	<u>(137,011)</u>
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ -</u>	<u>\$ 1,954,938</u>	<u>\$ (15,415)</u>

**CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Narcotics Seizure	State Gas Tax	Proposition C	Air Quality Improvement	Municipal Parking District	Lighting Assessment District
\$ -	\$ -	\$ -	\$ -	\$ 184,002	\$ -
-	-	-	-	-	-
56,908	1,288,404	1,064,677	66,595	-	-
-	-	-	-	110,114	-
-	-	-	-	-	131,628
6,146	2,136	34,876	3,680	163	-
-	-	-	-	-	-
<u>63,054</u>	<u>1,290,540</u>	<u>1,099,553</u>	<u>70,275</u>	<u>294,279</u>	<u>131,628</u>
-	-	-	-	-	-
-	1,193,545	-	11,162	156,766	273,118
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,080,244	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,193,545</u>	<u>1,080,244</u>	<u>11,162</u>	<u>156,766</u>	<u>273,118</u>
63,054	96,995	19,309	59,113	137,513	(141,490)
-	-	-	-	-	109,619
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,619</u>
63,054	96,995	19,309	59,113	137,513	(31,871)
<u>273,763</u>	<u>91,512</u>	<u>1,552,615</u>	<u>153,406</u>	<u>529,991</u>	<u>(24,461)</u>
<u>\$ 336,817</u>	<u>\$ 188,507</u>	<u>\$ 1,571,924</u>	<u>\$ 212,519</u>	<u>\$ 667,504</u>	<u>\$ (56,332)</u>

CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Landscaping Assessment District	Community Facilities District	Shoppers Lane Parking District
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Business License Taxes	-	-	1,090
Intergovernmental	-	-	-
Charges for Services	-	-	16,274
Special Assessments	206,744	289,574	-
Investment Earnings	-	-	-
Miscellaneous	-	-	-
Total Revenues	206,744	289,574	17,364
EXPENDITURES			
Current:			
Public Safety	-	-	-
Public Works	76,640	5,637	8,854
Culture and Recreation	-	-	-
Transit	-	-	-
Redevelopment and Housing	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	76,640	5,637	8,854
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	130,104	283,937	8,510
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	-	(300,000)	-
Total Other Financing Sources (Uses)	-	(300,000)	-
NET CHANGE IN FUND BALANCES	130,104	(16,063)	8,510
Fund Balances (Deficits) - Beginning of Year	384,978	274,128	33,513
FUND BALANCES (DEFICITS) - END OF YEAR	\$ 515,082	\$ 258,065	\$ 42,023

**CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Measure M	TDA Grant	Road Maintenance and Rehabilitation	PEG Access Television	Housing Authority
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
903,023	-	1,145,223	-	-
-	-	-	69,897	-
-	-	-	-	-
15,736	-	39,087	-	100,759
-	-	-	-	3,734
<u>918,759</u>	<u>-</u>	<u>1,184,310</u>	<u>69,897</u>	<u>104,493</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	16,095	-
-	-	-	-	-
-	-	-	-	501,917
1,122,362	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,122,362</u>	<u>-</u>	<u>-</u>	<u>16,095</u>	<u>501,917</u>
(203,603)	-	1,184,310	53,802	(397,424)
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(203,603)	-	1,184,310	53,802	(397,424)
618,022	-	1,213,174	528,983	3,832,416
<u>\$ 414,419</u>	<u>\$ -</u>	<u>\$ 2,397,484</u>	<u>\$ 582,785</u>	<u>\$ 3,434,992</u>

CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

	Measure R	Other Grants Fund	Total Special Revenue Funds
REVENUES			
Property Taxes	\$ -	\$ -	\$ 184,002
Business License Taxes	-	-	1,090
Intergovernmental	798,277	3,187,000	10,787,349
Charges for Services	-	-	298,835
Special Assessments	-	-	627,946
Investment Earnings	9,704	2,794	257,056
Miscellaneous	-	-	45,533
Total Revenues	<u>807,981</u>	<u>3,189,794</u>	<u>12,201,811</u>
EXPENDITURES			
Current:			
Public Safety	-	3,032,043	3,464,619
Public Works	-	53,491	1,779,213
Culture and Recreation	-	56,035	72,130
Transit	-	-	967,643
Redevelopment and Housing	-	-	719,415
Capital Outlay	104,861	-	2,407,467
Debt Service:			
Principal Retirement	205,000	-	330,000
Interest	164,659	-	225,256
Total Expenditures	<u>474,520</u>	<u>3,141,569</u>	<u>9,965,743</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	333,461	48,225	2,236,068
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	109,619
Transfers Out	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(190,381)</u>
NET CHANGE IN FUND BALANCES	333,461	48,225	2,045,687
Fund Balances (Deficits) - Beginning of Year	<u>138,218</u>	<u>82,807</u>	<u>11,062,336</u>
	-	-	-
FUND BALANCES (DEFICITS) - END OF YEAR	<u>\$ 471,679</u>	<u>\$ 131,032</u>	<u>\$ 13,108,023</u>

**CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

General Projects	Covina Revitalization Projects	Transportation	Total Capital Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 184,002
-	-	-	-	1,090
253,145	-	1,420,575	1,673,720	12,461,069
-	-	-	-	298,835
252,550	-	-	252,550	880,496
-	5,342	-	5,342	262,398
2,475	-	-	2,475	48,008
<u>508,170</u>	<u>5,342</u>	<u>1,420,575</u>	<u>1,934,087</u>	<u>14,135,898</u>
-	-	-	-	3,464,619
-	-	-	-	1,779,213
-	-	-	-	72,130
-	-	-	-	967,643
-	-	-	-	719,415
889,058	21,424	2,319,686	3,230,168	5,637,635
-	-	-	-	330,000
-	-	-	-	225,256
<u>889,058</u>	<u>21,424</u>	<u>2,319,686</u>	<u>3,230,168</u>	<u>13,195,911</u>
(380,888)	(16,082)	(899,111)	(1,296,081)	939,987
-	-	404,949	404,949	514,568
-	-	-	-	(300,000)
<u>-</u>	<u>-</u>	<u>404,949</u>	<u>404,949</u>	<u>214,568</u>
(380,888)	(16,082)	(494,162)	(891,132)	1,154,555
<u>2,032,578</u>	<u>281,911</u>	<u>(86,945)</u>	<u>2,227,544</u>	<u>13,289,880</u>
<u>\$ 1,651,690</u>	<u>\$ 265,829</u>	<u>\$ (581,107)</u>	<u>\$ 1,336,412</u>	<u>\$ 14,444,435</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ -	\$ -	\$ -
Resources (Inflows):			
Intergovernmental	481,465	403,095	(78,370)
Amounts Available for Appropriation	<u>481,465</u>	<u>403,095</u>	<u>(78,370)</u>
Charges to Appropriations (Outflows):			
Redevelopment and Housing	295,868	217,498	78,370
Debt Service:			
Principal	125,000	125,000	-
Interest and Fiscal Charges	<u>60,597</u>	<u>60,597</u>	<u>-</u>
Total Charges to Appropriation	<u>481,465</u>	<u>403,095</u>	<u>78,370</u>
BUDGETARY FUND BALANCE - JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PROPOSITION A SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 1,516,282	\$ 1,516,282	\$ -
Resources (Inflows):			
Intergovernmental	1,216,368	1,322,690	106,322
Charges for Services	104,371	102,550	(1,821)
Investment Earnings	7,500	39,260	31,760
Miscellaneous	42,699	41,799	(900)
Amounts Available for Appropriation	<u>2,887,220</u>	<u>3,022,581</u>	<u>135,361</u>
Charges to Appropriations (Outflows):			
Transit	1,906,146	967,643	938,503
Capital Outlay	100,000	100,000	-
Total Charges to Appropriation	<u>2,006,146</u>	<u>1,067,643</u>	<u>938,503</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 881,074</u>	<u>\$ 1,954,938</u>	<u>\$ 1,073,864</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LAW ENFORCEMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE (DEFICIT) - JULY 1	\$ (137,011)	\$ (137,011)	\$ -
Resources (Inflows):			
Intergovernmental	520,587	551,457	30,870
Investment Earnings	2,500	2,715	215
Amounts Available for Appropriation	<u>386,076</u>	<u>417,161</u>	<u>31,085</u>
Charges to Appropriations (Outflows):			
Public Safety	<u>551,738</u>	<u>432,576</u>	<u>119,162</u>
Total Charges to Appropriation	<u>551,738</u>	<u>432,576</u>	<u>119,162</u>
BUDGETARY FUND BALANCE (DEFICIT) - JUNE 30	<u>\$ (165,662)</u>	<u>\$ (15,415)</u>	<u>\$ 150,247</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NARCOTICS SEIZURE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 273,763	\$ 273,763	\$ -
Resources (Inflows):			
Intergovernmental	-	56,908	56,908
Investment Earnings	1,100	6,146	5,046
Amounts Available for Appropriation	<u>274,863</u>	<u>336,817</u>	<u>61,954</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 274,863</u>	<u>\$ 336,817</u>	<u>\$ 61,954</u>

**CITY OF COVINA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 STATE GAS TAX SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 91,512	\$ 91,512	\$ -
Resources (Inflows):			
Intergovernmental	1,412,590	1,288,404	(124,186)
Investment Earnings	1,200	2,136	936
Amounts Available for Appropriation	1,505,302	1,382,052	(123,250)
Charges to Appropriations (Outflows):			
Public Works	1,465,000	1,193,545	271,455
Total Charges to Appropriation	1,465,000	1,193,545	271,455
BUDGETARY FUND BALANCE - JUNE 30	\$ 40,302	\$ 188,507	\$ 148,205

**CITY OF COVINA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 1,552,615	\$ 1,552,615	\$ -
Resources (Inflows):			
Intergovernmental	988,209	1,064,677	76,468
Investment Earnings	7,000	34,876	27,876
Amounts Available for Appropriation	2,547,824	2,652,168	104,344
Charges to Appropriations (Outflows):			
Capital Outlay	2,531,403	1,080,244	1,451,159
Total Charges to Appropriation	2,531,403	1,080,244	1,451,159
BUDGETARY FUND BALANCE - JUNE 30	\$ 16,421	\$ 1,571,924	\$ 1,555,503

**CITY OF COVINA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 AIR QUALITY IMPROVEMENT SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 153,406	\$ 153,406	\$ -
Resources (Inflows):			
Intergovernmental	62,000	66,595	4,595
Investment Earnings	800	3,680	2,880
Amounts Available for Appropriation	<u>216,206</u>	<u>223,681</u>	<u>7,475</u>
Charges to Appropriations (Outflows):			
Public Works	<u>216,206</u>	<u>11,162</u>	<u>205,044</u>
Total Charges to Appropriation	<u>216,206</u>	<u>11,162</u>	<u>205,044</u>
BUDGETARY FUND BALANCE - JUNE 30	<u><u>\$ -</u></u>	<u><u>\$ 212,519</u></u>	<u><u>\$ 212,519</u></u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL PARKING SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 529,991	\$ 529,991	\$ -
Resources (Inflows):			
Property Taxes	104,256	184,002	79,746
Charges for Services	80,344	110,114	29,770
Investment Earnings	-	163	163
Amounts Available for Appropriation	<u>714,591</u>	<u>824,270</u>	<u>109,679</u>
Charges to Appropriations (Outflows):			
Public Works	<u>178,793</u>	<u>156,766</u>	<u>22,027</u>
Total Charges to Appropriation	<u>178,793</u>	<u>156,766</u>	<u>22,027</u>
BUDGETARY FUND BALANCE - JUNE 30	<u><u>\$ 535,798</u></u>	<u><u>\$ 667,504</u></u>	<u><u>\$ 131,706</u></u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LIGHTING ASSESSMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE (DEFICIT) - JULY 1	\$ (24,461)	\$ (24,461)	\$ -
Resources (Inflows):			
Special Assessments	139,275	131,628	(7,647)
Transfers In	109,619	109,619	-
Amounts Available for Appropriation	224,433	216,786	(7,647)
Charges to Appropriations (Outflows):			
Public Works	248,894	273,118	(24,224)
Total Charges to Appropriation	248,894	273,118	(24,224)
BUDGETARY FUND BALANCE (DEFICIT) - JUNE 30	\$ (24,461)	\$ (56,332)	\$ (31,871)

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
LANDSCAPING ASSESSMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 384,978	\$ 384,978	\$ -
Resources (Inflows):			
Special Assessments	211,389	206,744	(4,645)
Amounts Available for Appropriation	<u>596,367</u>	<u>591,722</u>	<u>(4,645)</u>
Charges to Appropriations (Outflows):			
Public Works	151,054	76,640	74,414
Total Charges to Appropriation	<u>151,054</u>	<u>76,640</u>	<u>74,414</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 445,313</u>	<u>\$ 515,082</u>	<u>\$ 69,769</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY FACILITIES DISTRICT ASSESSMENT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 274,128	\$ 274,128	\$ -
Resources (Inflows):			
Special Assessments	176,681	289,574	112,893
Amounts Available for Appropriation	450,809	563,702	112,893
Charges to Appropriations (Outflows):			
Public Works	8,850	5,637	3,213
Transfers Out	300,000	300,000	-
Total Charges to Appropriation	308,850	305,637	3,213
BUDGETARY FUND BALANCE - JUNE 30	\$ 141,959	\$ 258,065	\$ 116,106

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SHOPPERS LANE PARKING DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 33,513	\$ 33,513	\$ -
Resources (Inflows):			
Business License Taxes	2,000	1,090	(910)
Charges for Services	13,000	16,274	3,274
Amounts Available for Appropriation	48,513	50,877	2,364
Charges to Appropriations (Outflows):			
Public Works	8,700	8,854	(154)
Total Charges to Appropriation	8,700	8,854	(154)
BUDGETARY FUND BALANCE - JUNE 30	\$ 39,813	\$ 42,023	\$ 2,210

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 618,022	\$ 618,022	\$ -
Resources (Inflows):			
Intergovernmental	1,839,977	903,023	(936,954)
Investment Earnings	3,600	15,736	12,136
Amounts Available for Appropriation	<u>2,461,599</u>	<u>1,536,781</u>	<u>(924,818)</u>
Charges to Appropriations (Outflows):			
Capital Outlay	<u>2,302,078</u>	<u>1,122,362</u>	<u>1,179,716</u>
Total Charges to Appropriation	<u>2,302,078</u>	<u>1,122,362</u>	<u>1,179,716</u>
BUDGETARY FUND BALANCE - JUNE 30	<u><u>\$ 159,521</u></u>	<u><u>\$ 414,419</u></u>	<u><u>\$ 254,898</u></u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
TDA GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ -	\$ -	\$ -
Resources (Inflows):			
Intergovernmental	45,978	-	(45,978)
Amounts Available for Appropriation	<u>45,978</u>	<u>-</u>	<u>(45,978)</u>
Charges to Appropriations (Outflows):			
Capital Outlay	1,000	-	1,000
Total Charges to Appropriation	<u>1,000</u>	<u>-</u>	<u>1,000</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 44,978</u>	<u>\$ -</u>	<u>\$ (44,978)</u>

**CITY OF COVINA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 ROAD MAINTENANCE AND REHABILITATION SPECIAL REVENUE FUND
 YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
BUDGETARY FUND BALANCE - JULY 1	\$ 1,213,174	\$ 1,213,174	\$ -
Resources (Inflows):			
Intergovernmental	1,113,132	1,145,223	32,091
Investment Earnings	2,000	39,087	37,087
Amounts Available for Appropriation	<u>2,328,306</u>	<u>2,397,484</u>	<u>69,178</u>
Charges to Appropriations (Outflows):			
Total Charges to Appropriation	<u>1,110,881</u>	<u>-</u>	<u>1,110,881</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 1,217,425</u>	<u>\$ 2,397,484</u>	<u>\$ 1,180,059</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
PEG ACCESS TELEVISION SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 528,983	\$ 528,983	\$ -
Resources (Inflows):			
Charges for Services	75,000	69,897	(5,103)
Amounts Available for Appropriation	<u>603,983</u>	<u>598,880</u>	<u>(5,103)</u>
Charges to Appropriations (Outflows):			
Culture and Recreation	18,300	16,095	2,205
Total Charges to Appropriation	<u>18,300</u>	<u>16,095</u>	<u>2,205</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 585,683</u>	<u>\$ 582,785</u>	<u>\$ (2,898)</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
HOUSING AUTHORITY SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 3,832,416	\$ 3,832,416	\$ -
Resources (Inflows):			
Intergovernmental	1,269,791	-	(1,269,791)
Investment Earnings	29,500	100,759	71,259
Miscellaneous	-	3,734	3,734
Amounts Available for Appropriation	5,131,707	3,936,909	(1,194,798)
Charges to Appropriations (Outflows):			
Current:			
Redevelopment and Housing	4,289,457	501,917	3,787,540
Total Charges to Appropriation	4,289,457	501,917	3,787,540
BUDGETARY FUND BALANCE - JUNE 30	\$ 842,250	\$ 3,434,992	\$ 2,592,742

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MEASURE R SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE, JULY 1	\$ 138,218	\$ 138,218	\$ -
Resources (Inflows):			
Intergovernmental	741,156	798,277	57,121
Investment Earnings	3,000	9,704	6,704
Amounts Available for Appropriation	<u>882,374</u>	<u>946,199</u>	<u>63,825</u>
Charges to Appropriations (Outflows):			
Capital Outlay	107,500	104,861	2,639
Debt Service:			
Principal Retirement	205,000	205,000	-
Interest and Fiscal Charges	165,238	164,659	579
Total Charges to Appropriation	<u>477,738</u>	<u>474,520</u>	<u>3,218</u>
BUDGETARY FUND BALANCE, JUNE 30	<u>\$ 404,636</u>	<u>\$ 471,679</u>	<u>\$ 67,043</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
OTHER GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 82,807	\$ 82,807	\$ -
Resources (Inflows):			
Intergovernmental	3,852,889	3,187,000	(665,889)
Investment Earnings	-	2,794	2,794
Amounts Available for Appropriation	<u>3,935,696</u>	<u>3,272,601</u>	<u>(663,095)</u>
Charges to Appropriations (Outflows):			
Public Safety	3,093,938	3,032,043	61,895
Public Works	100,078	53,491	46,587
Culture and Recreation	239,479	56,035	183,444
Community Development	300,000	-	300,000
Capital Outlay	<u>97,366</u>	<u>-</u>	<u>97,366</u>
Total Charges to Appropriation	<u>3,830,861</u>	<u>3,141,569</u>	<u>689,292</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 104,835</u>	<u>\$ 131,032</u>	<u>\$ 26,197</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL PROJECTS FUND CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 2,032,578	\$ 2,032,578	\$ -
Resources (Inflows):			
Intergovernmental	504,092	253,145	(250,947)
Special Assessments	-	252,550	252,550
Miscellaneous	-	2,475	2,475
Amounts Available for Appropriation	2,536,670	2,540,748	4,078
Charges to Appropriations (Outflows):			
Capital Outlay	2,181,745	889,058	1,292,687
Total Charges to Appropriation	2,181,745	889,058	1,292,687
BUDGETARY FUND BALANCE - JUNE 30	\$ 354,925	\$ 1,651,690	\$ 1,296,765

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COVINA REVITALIZATION CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
BUDGETARY FUND BALANCE - JULY 1	\$ 281,911	\$ 281,911	\$ -
Resources (Inflows):			
Investment Earnings	500	5,342	4,842
Amounts Available for Appropriation	<u>282,411</u>	<u>287,253</u>	<u>4,842</u>
Charges to Appropriations (Outflows):			
Capital Outlay	<u>282,411</u>	<u>21,424</u>	<u>260,987</u>
Total Charges to Appropriation	<u>282,411</u>	<u>21,424</u>	<u>260,987</u>
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ -</u>	<u>\$ 265,829</u>	<u>\$ 265,829</u>

**CITY OF COVINA
SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – MAJOR FUND
TRANSPORTATION CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
BUDGETARY FUND BALANCE (DEFICIT) - JULY 1	\$ (86,945)	\$ (86,945)	\$ (86,945)	\$ -
Resources (Inflows):				
Intergovernmental	3,500,000	5,549,085	1,420,575	(4,128,510)
Transfers In	500,000	1,050,000	404,949	(645,051)
Amounts Available for Appropriation	<u>3,913,055</u>	<u>6,512,140</u>	<u>1,738,579</u>	<u>(4,773,561)</u>
Charges to Appropriations (Outflows):				
Capital Outlay	<u>4,000,000</u>	<u>6,512,140</u>	<u>2,319,686</u>	<u>4,192,454</u>
Total Charges to Appropriation	<u>4,000,000</u>	<u>6,512,140</u>	<u>2,319,686</u>	<u>4,192,454</u>
BUDGETARY FUND BALANCE (DEFICIT) - JUNE 30	<u>\$ (86,945)</u>	<u>\$ -</u>	<u>\$ (581,107)</u>	<u>\$ (581,107)</u>

**CITY OF COVINA
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023**

The following are the individual nonmajor enterprise funds of the City:

Environmental Fund accounts for the general and administrative, environmental services, industrial waste and waste management operations.

Theater Fund accounts for the operation and production of public entertainment and economic development in downtown Covina.

CITY OF COVINA
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2023

	Environmental Fund	Theater Fund	Total Non-Major Enterprise Funds
ASSETS			
CURRENT ASSETS			
Cash and Investments	\$ 1,596,421	\$ 992,962	\$ 2,589,383
Accounts Receivable, Net	290,142	11,150	301,292
Interest Receivable	-	466	466
Lease Receivable	-	68,198	68,198
Prepaid Items	8,359	-	8,359
Total Current Assets	1,894,922	1,072,776	2,967,698
NONCURRENT ASSETS			
Lease Receivable	-	209,541	209,541
Capital Assets:			
Capital Assets, not Depreciated	17,696	-	17,696
Capital Assets, Depreciated, Net	1,444,365	3,298,640	4,743,005
Total Noncurrent Assets	1,462,061	3,508,181	4,970,242
Total Assets	3,356,983	4,580,957	7,937,940
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on OPEB Plans	70,327	-	70,327
Deferred Amount on Pension Plans	273,356	-	273,356
Total Deferred Outflows of Resources	343,683	-	343,683
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	70,522	70,869	141,391
Deposits Payable	495,701	5,489	501,190
Interest Payable	7,652	22,711	30,363
Compensated Absences	33,735	-	33,735
Pension Obligation Bonds Payable	38,269	-	38,269
Total Current Liabilities	645,879	99,069	744,948
NONCURRENT LIABILITIES			
Compensated Absences	54,246	-	54,246
Advance from Sewer Fund	-	2,750,000	2,750,000
Pension Bonds Payable	789,725	-	789,725
Net OPEB Liability	202,956	-	202,956
Net Pension Liability	377,190	-	377,190
Total Noncurrent Liabilities	1,424,117	2,750,000	4,174,117
Total Liabilities	2,069,996	2,849,069	4,919,065
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on OPEB Plans	36,406	-	36,406
Deferred Amounts on Pension Plans	1,607	-	1,607
Total Deferred Inflows of Resources	38,013	274,385	312,398
NET POSITION			
Net Investment in Capital Assets	1,457,276	3,298,640	4,755,916
Unrestricted	135,381	(1,841,137)	(1,705,756)
Total Net Position	\$ 1,592,657	\$ 1,457,503	\$ 3,050,160

CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2023

	Environmental Fund	Theater Fund	Total Non-Major Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ -	\$ 33,198	\$ 33,198
Environmental Fees	1,230,334	-	1,230,334
Total Operating Revenues	<u>1,230,334</u>	<u>33,198</u>	<u>1,263,532</u>
OPERATING EXPENSES			
General and Administrative	661,401	436,400	1,097,801
Street Sweeping	151,150	-	151,150
Environmental Services	200,472	-	200,472
Industrial Waste	21,221	-	21,221
Waste Management	339,611	-	339,611
Depreciation	66,177	34,412	100,589
Total Operating Expenses	<u>1,440,032</u>	<u>470,812</u>	<u>1,910,844</u>
OPERATING INCOME (LOSS)	(209,698)	(437,614)	(647,312)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	34,248	22,606	56,854
Interest Expense	(18,374)	(22,711)	(41,085)
Rental Income	-	75,222	75,222
Total Nonoperating Revenues	<u>15,874</u>	<u>75,117</u>	<u>90,991</u>
INCOME (LOSS) BEFORE TRANSFERS	(193,824)	(362,497)	(556,321)
TRANSFERS			
Transfers In	-	1,820,000	1,820,000
Total Transfers	<u>-</u>	<u>1,820,000</u>	<u>1,820,000</u>
CHANGE IN NET POSITION	(193,824)	1,457,503	1,263,679
Net Position - Beginning of Year	<u>1,786,481</u>	<u>-</u>	<u>1,786,481</u>
NET POSITION - END OF YEAR	<u>\$ 1,592,657</u>	<u>\$ 1,457,503</u>	<u>\$ 3,050,160</u>

**CITY OF COVINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2023**

	Environmental Fund	Theater Fund	Total Non-Major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from customers	\$ 1,174,750	\$ 22,048	\$ 1,196,798
Cash Payments to Suppliers of Goods and Services	(768,413)	(389,892)	(1,158,305)
Cash Payments to Employees for Services	(494,225)	(8,639)	(502,864)
Net Cash Used by Operating Activities	(87,888)	(376,483)	(464,371)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	-	1,820,000	1,820,000
Advances from Other Funds	-	2,750,000	2,750,000
Net Cash Provided by Noncapital Financing Activities	-	4,570,000	4,570,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(220,159)	(3,333,052)	(3,553,211)
Cash Received - Leases	-	110,357	110,357
Principal Paid	(37,994)	-	(37,994)
Interest and Debt Issuance Costs	(18,421)	-	(18,421)
Net Cash Used by Capital and Related Financing Activities	(276,574)	(3,222,695)	(3,499,269)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment Income	34,248	22,140	56,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(330,214)	992,962	662,748
Cash and Cash Equivalents - Beginning of Year	1,926,635	-	1,926,635
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,596,421</u>	<u>\$ 992,962</u>	<u>\$ 2,589,383</u>

**CITY OF COVINA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2023**

	Environmental Fund	Theater Fund	Total Non-Major Enterprise Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Loss	\$ (209,698)	\$ (437,614)	\$ (647,312)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Depreciation	66,177	34,412	100,589
Changes in Operating Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
(Increase) Decrease in Accounts Receivable	(55,584)	(11,150)	(66,734)
(Increase) Decrease in Prepaid Items	(410)	-	(410)
(Increase) Decrease in Deferred Outflows of Resources on OPEB Plan	(10,517)	-	(10,517)
(Increase) Decrease in Deferred Outflows of Resources on Pension Plans	729,430	-	729,430
Increase (Decrease) in Accounts Payable	577	70,869	71,446
Increase (Decrease) in Deposits Payable	11,835	5,489	17,324
Increase (Decrease) in Deferred Inflows of Resources of OPEB Plan	(1,133)	-	(1,133)
Increase (Decrease) in Deferred Inflows of Resources Pension Plans	(262,195)	-	(262,195)
Increase (Decrease) in Deferred Inflows of Resources Leases	-	(38,489)	(38,489)
Increase (Decrease) in Compensated Absences	3,931	-	3,931
Increase (Decrease) in Net OPEB Liability	14,427	-	14,427
Increase (Decrease) in Net Pension Liability	(374,728)	-	(374,728)
Net Cash Used by Operating Activities	<u>\$ (87,888)</u>	<u>\$ (376,483)</u>	<u>\$ (464,371)</u>

**CITY OF COVINA
INTERNAL SERVICES FUNDS
YEAR ENDED JUNE 30, 2023**

The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. Generally accepted accounting principles (GAAP) requires statement of net position items, and revenues and expenses of individual internal service funds be consolidated with the government-wide statement of net position and activities. GAAP still requires internal service funds to be presented in the financial statements.

The following are the individual internal service funds of the City:

Management Information Systems Fund accounts for the accumulation and allocation of costs associated with data processing and electronic information technology.

Central Equipment Fund accounts for the rental of motor vehicles to other departments and related costs.

Workers' Compensation Fund accounts for worker's compensation to other departments.

General Liability Fund accounts for general liability charges to other departments and related costs.

Building Maintenance Fund accounts for all maintenance and improvement activities for all City facilities with the exception of the Police Department.

CITY OF COVINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICES FUNDS
JUNE 30, 2023

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Building Maintenance	Total
ASSETS:						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,069,386	\$ 2,862,314	\$ 7,398,729	\$ 4,086,513	\$ 827,712	\$ 17,244,654
Accounts Receivable	-	58,389	-	14,026	1,500	73,915
Due from Other Governments	-	469	-	-	-	469
Prepaid Items	11,662	-	6,687	-	-	18,349
Inventories	-	39,492	-	-	-	39,492
Total Current Assets	<u>2,081,048</u>	<u>2,960,664</u>	<u>7,405,416</u>	<u>4,100,539</u>	<u>829,212</u>	<u>17,376,879</u>
NONCURRENT ASSETS						
Capital Assets:						
Being Depreciated, Net	394,023	849,572	-	-	88,416	1,332,011
Total Noncurrent Assets	<u>394,023</u>	<u>849,572</u>	<u>-</u>	<u>-</u>	<u>88,416</u>	<u>1,332,011</u>
Total Assets	2,475,071	3,810,236	7,405,416	4,100,539	917,628	18,708,890
DEFERRED OUTFLOWS OF RESOURCES						
OPEB Related	76,896	67,969	24,557	22,942	3,661	196,025
Pension Related	308,823	208,477	105,536	154,844	95,156	872,836
Total Deferred Outflow of Resources	<u>385,719</u>	<u>276,446</u>	<u>130,093</u>	<u>177,786</u>	<u>98,817</u>	<u>1,068,861</u>
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	4,504	63,816	1,076	38,330	35,141	142,867
Interest Payable	8,713	6,896	3,011	1,777	-	20,397
Compensated Absences Payable	24,319	35,866	8,020	8,724	11,123	88,052
Lease Payable	-	40,293	-	-	-	40,293
Pension Obligation Bonds Payable	43,578	33,825	15,061	8,888	-	101,352
Claims and Judgements	-	-	927,000	811,000	-	1,738,000
Total Current Liabilities	<u>81,114</u>	<u>180,696</u>	<u>954,168</u>	<u>868,719</u>	<u>46,264</u>	<u>2,130,961</u>
NONCURRENT LIABILITIES						
Compensated Absences Payable	50,478	83,753	14,049	16,460	21,507	186,247
Lease Payable	-	62,242	-	-	-	62,242
Pension Obligation Bonds Payable	899,267	698,015	310,795	183,420	-	2,091,497
Claims and Judgements	-	-	4,776,000	1,406,000	-	6,182,000
Net OPEB Liability	218,351	205,543	67,269	64,237	5,022	560,422
Net Pension Liability	426,130	287,667	145,624	213,662	131,300	1,204,383
Total Noncurrent Liabilities	<u>1,594,226</u>	<u>1,337,220</u>	<u>5,313,737</u>	<u>1,883,779</u>	<u>157,829</u>	<u>10,286,791</u>
Total Liabilities	1,675,340	1,517,916	6,267,905	2,752,498	204,093	12,417,752
DEFERRED INFLOWS OF RESOURCES						
OPEB Related	39,374	34,125	12,061	9,150	-	94,710
Pension Related	1,815	1,226	620	910	559	5,130
Total Deferred Inflows of Resources	<u>41,189</u>	<u>35,351</u>	<u>12,681</u>	<u>10,060</u>	<u>559</u>	<u>99,840</u>
NET POSITION						
Net Investment in Capital Assets	394,023	711,300	-	-	88,416	1,193,739
Unrestricted	750,238	1,822,115	1,254,923	1,515,767	723,377	6,066,420
Total Net Position	<u>\$ 1,144,261</u>	<u>\$ 2,533,415</u>	<u>\$ 1,254,923</u>	<u>\$ 1,515,767</u>	<u>\$ 811,793</u>	<u>\$ 7,260,159</u>

CITY OF COVINA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICES FUNDS
YEAR ENDED JUNE 30, 2023

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Building Maintenance	Total
OPERATING REVENUES						
Charges for Services	\$ 1,248,477	\$ 1,444,152	\$ 1,197,335	\$ 2,262,770	\$ 856,096	\$ 7,008,830
Motor Pool Charges	-	577,336	-	-	-	577,336
Total Operating Revenues	<u>1,248,477</u>	<u>2,021,488</u>	<u>1,197,335</u>	<u>2,262,770</u>	<u>856,096</u>	<u>7,586,166</u>
OPERATING EXPENSES						
General and Administrative	1,184,878	159,437	1,180,379	1,195,832	1,041,933	4,762,459
Vehicle and Equipment Operation	-	1,272,311	-	-	-	1,272,311
Depreciation	100,967	212,467	-	-	2,370	315,804
Total Operating Expenses	<u>1,285,845</u>	<u>1,644,215</u>	<u>1,180,379</u>	<u>1,195,832</u>	<u>1,044,303</u>	<u>6,350,574</u>
OPERATING INCOME (LOSS)	(37,368)	377,273	16,956	1,066,938	(188,207)	1,235,592
NONOPERATING REVENUES (EXPENSES)						
Interest Expense	(20,922)	(18,124)	(7,231)	(4,267)	-	(50,544)
Total Nonoperating Revenues (Expenses)	<u>(20,922)</u>	<u>(18,124)</u>	<u>(7,231)</u>	<u>(4,267)</u>	<u>-</u>	<u>(50,544)</u>
INCOME (LOSS) BEFORE TRANSFERS	(58,290)	359,149	9,725	1,062,671	(188,207)	1,185,048
TRANSFERS						
Transfers In	200,000	-	-	-	1,000,000	1,200,000
Total Transfers	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>1,200,000</u>
CHANGES IN NET POSITION	141,710	359,149	9,725	1,062,671	811,793	2,385,048
Total Net Position - Beginning of Year	<u>1,002,551</u>	<u>2,174,266</u>	<u>1,245,198</u>	<u>453,096</u>	<u>-</u>	<u>4,875,111</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 1,144,261</u>	<u>\$ 2,533,415</u>	<u>\$ 1,254,923</u>	<u>\$ 1,515,767</u>	<u>\$ 811,793</u>	<u>\$ 7,260,159</u>

**CITY OF COVINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICES FUNDS
YEAR ENDED JUNE 30, 2023**

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Building Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from User Departments	\$ 1,250,112	\$ 2,031,289	\$ 1,197,936	\$ 2,273,180	\$ 854,596	\$ 7,607,113
Payments to Suppliers of Goods or Services	(596,960)	(1,027,203)	(700,469)	(1,007,443)	(643,253)	(3,975,328)
Payments to Employees	(558,014)	(261,309)	(198,181)	(183,383)	(292,845)	(1,493,732)
Net Cash Used by Operating Activities	95,138	742,777	299,286	1,082,354	(81,502)	2,138,053
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Cash Received from Other Funds	200,000	-	-	-	1,000,000	1,200,000
Proceeds from Pension Bonds	-	-	-	-	-	-
Net Cash Provided by Noncapital Financing Activities	200,000	-	-	-	1,000,000	1,200,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Interest Paid on Pension Bonds	(20,981)	(18,218)	(7,250)	(4,278)	-	(50,727)
Principal Paid on Pension Bonds	(43,264)	(33,581)	(14,952)	(8,824)	-	(100,621)
Principal Paid on Lease	(3,722)	(39,670)	-	-	-	(43,392)
Acquisition of Capital Assets	(15,777)	(267,863)	-	-	(90,786)	(374,426)
Net Cash Used by Capital and Related Financing Activities	(83,744)	(359,332)	(22,202)	(13,102)	(90,786)	(569,166)
NET INCREASE IN CASH AND CASH EQUIVALENTS	211,394	383,445	277,084	1,069,252	827,712	2,768,887
Cash and Cash Equivalents - Beginning of Year	1,857,992	2,478,869	7,121,645	3,017,261	-	14,475,767
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,069,386</u>	<u>\$ 2,862,314</u>	<u>\$ 7,398,729</u>	<u>\$ 4,086,513</u>	<u>\$ 827,712</u>	<u>\$ 17,244,654</u>

**CITY OF COVINA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICES FUNDS
YEAR ENDED JUNE 30, 2023**

	Management Information Systems	Central Equipment	Workers' Compensation	General Liability	Building Maintenance	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (37,368)	\$ 377,273	\$ 16,956	\$ 1,066,938	\$ (188,207)	\$ 1,235,592
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation and Amortization	100,967	212,467	-	-	2,370	315,804
(Increase) Decrease in Operating Assets and Deferred Outflows of Resources:						
Accounts Receivable	1,635	10,270	601	10,410	(1,500)	21,416
Due from Other Governments	-	(469)	-	-	-	(469)
Prepays Items and Deposits	6,495	-	-	-	-	6,495
Inventory	-	11,713	-	-	-	11,713
Deferred Outflows of Resources - OPEB Related	(11,882)	(8,020)	(4,060)	(5,958)	(3,661)	(33,581)
Deferred Outflows of Resources - Pension Related	705,358	523,671	130,916	53,121	(95,156)	1,317,910
Increase (Decrease) in Operating Liabilities and Deferred Inflows of Resources:						
Accounts Payable and Accrued Liabilities	(54,409)	47,992	(1,051)	(27,351)	35,141	322
Compensated Absences Payable	(31,360)	10,441	5,050	10,738	32,630	27,499
Net OPEB Liability	16,300	11,003	5,570	8,172	5,022	46,067
Net Pension Liability	(334,333)	(261,319)	(31,675)	57,724	131,300	(438,303)
Claims Payable	-	-	239,000	(37,000)	-	202,000
Deferred Inflows of Resources - OPEB Related	(1,280)	(866)	(438)	(641)	-	(3,225)
Deferred Inflows of Resources - Pension Related	(264,985)	(191,379)	(61,583)	(53,799)	559	(571,187)
Total Adjustments	<u>132,506</u>	<u>365,504</u>	<u>282,330</u>	<u>15,416</u>	<u>106,705</u>	<u>902,461</u>
Net Cash Used by Operating Activities	<u>\$ 95,138</u>	<u>\$ 742,777</u>	<u>\$ 299,286</u>	<u>\$ 1,082,354</u>	<u>\$ (81,502)</u>	<u>\$ 2,138,053</u>

**CITY OF COVINA
CUSTODIAL FUNDS
YEAR ENDED JUNE 30, 2023**

Custodial funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

Downtown District Fund accounts for funds collected and disbursed by the City on behalf of the Downtown District Association members.

Prospero Park District Fund accounts for funds collected and disbursed by the City on behalf of the Prospero Park District Association members.

**CITY OF COVINA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023**

	Downtown District	Prospero Park District	Total Custodial Funds
ASSETS			
Cash and Investments	\$ 125	\$ 125	\$ 250
Accounts Receivable	641	112	753
Total Assets	\$ 766	\$ 237	\$ 1,003
LIABILITIES			
Due to Property Owners	\$ 766	\$ 237	\$ 1,003

**CITY OF COVINA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CUSTODIAL FUNDS
 JUNE 30, 2023**

	Downtown District	Prospero Park District	Totals Custodial Funds
ADDITIONS			
Business Licenses Collected from Property Owners	\$ 6,775	\$ 4,863	\$ 11,638
Total Additions	<u>6,775</u>	<u>4,863</u>	<u>11,638</u>
DEDUCTIONS			
Distributions to Property Owners	6,775	4,863	11,638
Total Deductions	<u>6,775</u>	<u>4,863</u>	<u>11,638</u>
CHANGES IN NET POSITION	-	-	-
Net Position - Beginning of the Year	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION

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**CITY OF COVINA
STATISTICAL SECTION**

This part of the City of Covina’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time. 159

REVENUE CAPACITY

These schedules contain information to help the reader assess the City’s significant local revenue source, the property tax. 166

DEBT CAPACITY

These schedules contain information to help the reader assess the affordability of the City’s current levels of outstanding debt and the ability to issue additional debt in the future. 172

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place. 178

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs. 179

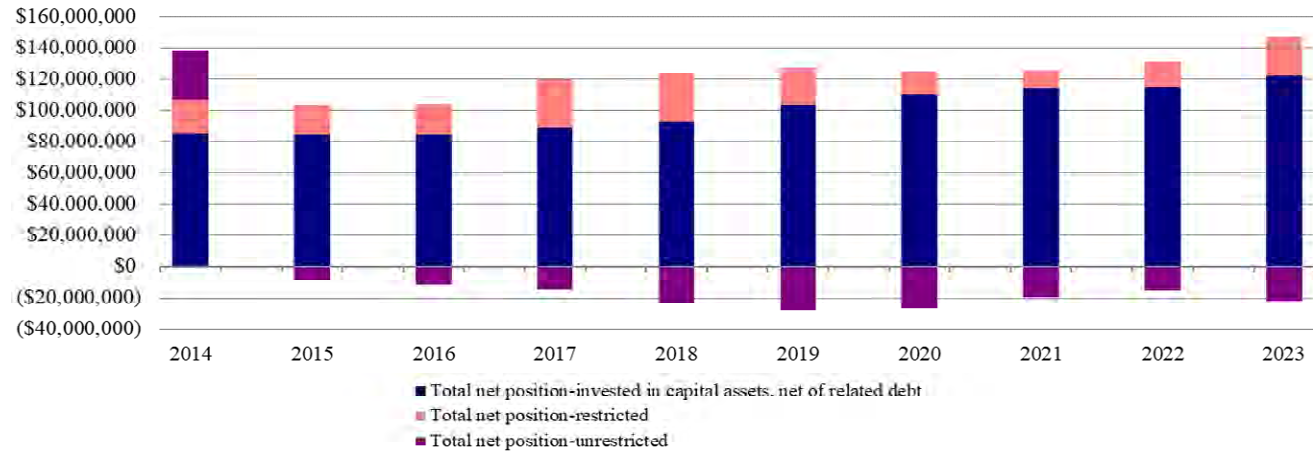
DEBT CONTINUING DISCLOSURE

These schedules contain information that complies with continuing disclosure requirements of each bond issued. 184

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**CITY OF COVINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 72,284,235	\$ 70,723,029	\$ 70,757,663	\$ 74,371,948	\$ 74,766,840	\$ 84,857,338	\$ 84,273,491	\$ 81,877,731	\$ 83,025,178	\$ 86,804,262
Restricted	21,146,284	18,702,053	19,641,871	26,984,607	25,867,749	17,053,339	14,469,628	15,410,155	16,074,243	25,072,625
Unrestricted	8,634,314	(29,330,744)	(35,598,486)	(39,202,847)	(43,430,116)	(46,481,365)	(44,202,396)	(37,601,064)	(30,538,742)	(35,785,873)
Total governmental activities net position	<u>\$ 102,064,833</u>	<u>\$ 60,094,338</u>	<u>\$ 54,801,048</u>	<u>\$ 62,153,708</u>	<u>\$ 57,204,473</u>	<u>\$ 55,429,312</u>	<u>\$ 54,540,723</u>	<u>\$ 59,686,822</u>	<u>\$ 68,560,679</u>	<u>\$ 76,091,014</u>
Business-type activities										
Net investment in capital assets	\$ 13,256,130	\$ 13,766,584	\$ 13,901,014	\$ 14,333,903	\$ 17,635,065	\$ 18,856,666	\$ 26,398,843	\$ 32,790,931	\$ 31,942,562	\$ 35,390,399
Restricted	-	-	-	4,353,289	5,613,256	7,122,938	-	-	-	-
Unrestricted	22,391,275	20,749,710	24,142,448	24,413,236	20,585,317	18,672,662	17,719,110	14,407,201	15,308,140	14,148,677
Total business-type activities net position	<u>\$ 35,647,405</u>	<u>\$ 34,516,294</u>	<u>\$ 38,043,462</u>	<u>\$ 43,100,428</u>	<u>\$ 43,833,638</u>	<u>\$ 44,652,266</u>	<u>\$ 44,117,953</u>	<u>\$ 47,198,132</u>	<u>\$ 47,250,702</u>	<u>\$ 49,539,076</u>
Total net position										
Net investment in capital assets	\$ 85,540,365	\$ 84,489,613	\$ 84,658,677	\$ 88,705,851	\$ 92,401,905	\$ 103,714,004	\$ 110,672,334	\$ 114,668,662	\$ 114,967,740	\$ 122,194,661
Restricted	21,146,284	18,702,053	19,641,871	31,337,896	31,481,005	24,176,277	14,469,628	15,410,155	16,074,243	25,072,625
Unrestricted	31,025,589	(8,581,034)	(11,456,038)	(14,789,611)	(22,844,799)	(27,808,703)	(26,483,286)	(23,193,863)	(15,230,602)	(21,637,196)
Total net position	<u>\$ 137,712,238</u>	<u>\$ 94,610,632</u>	<u>\$ 92,844,510</u>	<u>\$ 105,254,136</u>	<u>\$ 101,038,111</u>	<u>\$ 100,081,578</u>	<u>\$ 98,658,676</u>	<u>\$ 106,884,954</u>	<u>\$ 115,811,381</u>	<u>\$ 125,630,090</u>



**CITY OF COVINA, CALIFORNIA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 879,859	\$ 1,188,341	\$ 4,618,977	\$ 5,786,202	\$ 1,370,482	\$ 2,082,578	\$ 3,356,218	\$ 3,131,410	\$ 882,985	\$ 3,792,606
Public safety	25,353,602	25,102,323	25,297,988	26,080,895	30,549,274	29,863,536	33,529,788	34,239,989	45,084,190	49,481,727
Public works	7,349,352	8,136,978	6,934,750	6,548,405	6,792,606	7,468,025	8,539,877	8,476,656	6,580,415	5,227,281
Culture and recreation	4,769,656	4,782,738	3,552,984	3,451,383	5,027,721	4,434,960	4,630,583	4,393,945	1,600,700	5,974,501
Community development	1,305,545	829,728	1,553,499	1,135,194	2,246,788	1,738,982	2,382,311	2,481,925	2,333,315	3,582,145
Transit	1,255,368	1,289,230	1,017,689	1,260,117	1,212,960	1,176,235	2,068,390	2,646,439	862,651	1,399,960
Redevelopment and housing	433,609	537,470	217,808	349,820	1,042,797	492,737	598,363	912,707	183,561	786,051
Interest on long-term debt	21,131	-	-	-	-	287,459	251,550	238,058	708,305	1,336,291
Total governmental activities expenses	<u>41,368,122</u>	<u>41,866,808</u>	<u>43,193,695</u>	<u>44,612,016</u>	<u>48,242,628</u>	<u>47,544,512</u>	<u>55,357,080</u>	<u>56,521,129</u>	<u>58,236,122</u>	<u>71,580,562</u>
Business-type activities:										
Water utility	9,757,890	8,776,576	8,369,874	8,056,727	12,815,344	10,289,222	10,318,472	10,893,841	10,333,944	11,001,848
Environmental protection	946,778	1,159,693	940,492	867,142	1,109,212	1,195,439	1,176,992	1,047,347	1,341,932	1,455,858
Sewer utility	1,564,254	1,729,052	1,575,182	1,429,207	1,757,186	2,444,970	2,829,014	2,485,405	2,063,288	2,301,782
Theater	-	-	-	-	-	-	-	-	-	493,523
Total business-type activities expenses	<u>12,268,922</u>	<u>11,665,321</u>	<u>10,885,548</u>	<u>10,353,076</u>	<u>15,681,742</u>	<u>13,929,631</u>	<u>14,324,478</u>	<u>14,426,593</u>	<u>13,739,164</u>	<u>15,253,011</u>
Total expenses	<u>\$ 53,637,044</u>	<u>\$ 53,532,129</u>	<u>\$ 54,079,243</u>	<u>\$ 54,965,092</u>	<u>\$ 63,924,370</u>	<u>\$ 61,474,143</u>	<u>\$ 69,681,558</u>	<u>\$ 70,947,722</u>	<u>\$ 71,975,286</u>	<u>\$ 86,833,573</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 482,450	\$ 435,274	\$ 338,362	\$ 290,160	\$ 2,232,037	\$ 2,192,160	\$ 2,162,262	2,361,216	2,602,937	2,328,058
Public safety	2,506,468	1,712,553	1,490,083	1,443,134	1,769,892	1,727,746	1,521,571	1,655,557	2,049,262	2,283,281
Public works	579,193	1,510,331	623,693	796,475	733,029	802,080	684,035	754,691	970,378	1,108,388
Culture and recreation	1,184,544	807,829	794,192	793,114	785,814	834,854	507,771	306,697	687,296	734,037
Community development	1,245,885	495,395	1,138,415	1,266,266	1,968,358	1,771,843	1,349,738	1,845,242	2,045,672	2,063,716
Transit	316,429	297,094	315,887	242,912	214,650	226,255	180,644	107,574	126,513	144,349
Redevelopment and housing	973,329	60,961	320,620	302,665	263,574	228,506	881,603	1,124,210	241,182	289,574
Operating grants and contributions	5,131,366	8,232,955	5,216,063	10,563,152	7,540,661	7,962,987	8,081,089	9,809,684	13,635,757	22,818,540
Capital grants and contributions	1,483,056	1,595,869	2,428,605	8,209,341	2,579,102	4,308,857	245,420	1,087,845	567,243	2,206,174
Total governmental activities program revenues	<u>13,902,720</u>	<u>15,148,261</u>	<u>12,665,920</u>	<u>23,907,219</u>	<u>18,087,117</u>	<u>20,055,288</u>	<u>15,614,133</u>	<u>19,052,716</u>	<u>22,926,240</u>	<u>33,976,117</u>

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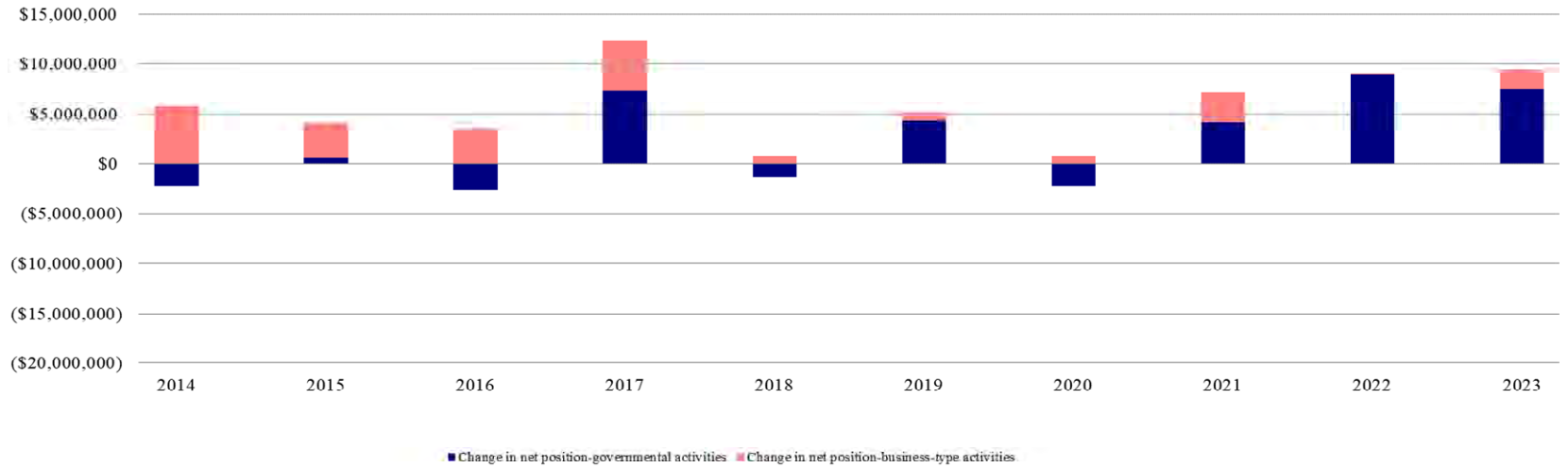
**CITY OF COVINA, CALIFORNIA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Charges for services:										
Water utility	13,337,157	11,349,263	10,436,434	11,011,015	11,138,975	9,586,220	10,673,985	11,681,271	11,859,488	11,469,148
Environmental protection	1,317,849	1,240,317	1,159,700	1,313,194	1,170,122	1,190,124	1,003,527	1,144,576	1,142,051	1,229,521
Theater	-	-	-	-	-	-	-	-	-	33,198
Sewer utility	2,213,642	2,596,319	2,683,503	2,760,749	2,833,092	2,923,535	2,905,488	3,093,941	3,305,418	3,043,013
Operating grants and contributions	1,554	-	-	-	-	-	-	-	-	1,154
Capital grants and contributions	366,180	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>17,236,382</u>	<u>15,185,899</u>	<u>14,279,637</u>	<u>15,084,958</u>	<u>15,142,189</u>	<u>13,699,879</u>	<u>14,583,000</u>	<u>15,919,788</u>	<u>16,306,957</u>	<u>15,776,034</u>
Total program revenues	<u>\$ 31,139,102</u>	<u>\$ 30,334,160</u>	<u>\$ 26,945,557</u>	<u>\$ 38,992,177</u>	<u>\$ 33,229,306</u>	<u>\$ 33,755,167</u>	<u>\$ 30,197,133</u>	<u>\$ 34,972,504</u>	<u>\$ 39,233,197</u>	<u>\$ 49,752,151</u>
Net (expense) revenue										
Governmental activities	\$ (27,465,402)	\$ (26,718,547)	\$ (30,527,775)	\$ (20,704,797)	\$ (30,155,511)	\$ (27,489,224)	\$ (39,742,947)	\$ (37,468,413)	\$ (35,309,882)	\$ (37,604,445)
Business-type activities	4,967,460	3,520,578	3,394,089	4,731,882	(539,553)	(229,752)	258,522	1,493,195	2,859,617	523,023
Total net expense	<u>\$ (22,497,942)</u>	<u>\$ (23,197,969)</u>	<u>\$ (27,133,686)</u>	<u>\$ (15,972,915)</u>	<u>\$ (30,695,064)</u>	<u>\$ (27,718,976)</u>	<u>\$ (39,484,425)</u>	<u>\$ (35,975,218)</u>	<u>\$ (32,450,265)</u>	<u>\$ (37,081,422)</u>
General revenues										
Governmental activities:										
Property taxes	\$ 11,725,280	\$ 12,913,803	\$ 12,564,219	\$ 11,642,704	\$ 12,575,318	\$ 13,123,606	\$ 13,812,070	\$ 14,862,914	\$ 15,338,132	\$ 16,429,930
Sales taxes	5,643,574	6,569,382	7,929,069	9,164,440	8,950,753	9,315,358	9,296,400	10,793,459	11,426,354	11,493,906
Transaction and use tax	-	-	-	-	-	1,438,519	6,579,486	8,098,540	8,823,059	8,787,686
Transient occupancy taxes	349,310	99,716	482,727	327,570	388,491	240,946	130,831	3,661	95,950	193,649
Property transfer taxes	157,945	159,795	223,766	200,253	236,899	217,332	212,485	216,776	278,481	214,879
Business license taxes	415,362	326,818	328,716	337,626	348,793	372,756	347,110	357,655	363,496	431,423
Utility user taxes	5,055,632	5,033,846	4,632,448	4,689,894	4,573,428	4,590,983	4,523,187	4,847,226	5,082,103	6,041,869
Franchise taxes	1,480,237	1,549,731	1,447,780	1,449,399	1,594,522	1,625,802	1,910,641	2,219,586	2,246,113	2,393,981
Investment earnings	473,543	641,993	193,209	226,671	144,176	883,542	620,835	(257,680)	(1,162,614)	712,611
Transfers in/out	(33,927)	-	-	18,900	-	-	-	22,340	1,020,279	(1,820,000)
Gain on sale of capital assets	-	-	32,551	-	-	15,129	54,268	-	462,215	-
Miscellaneous	-	-	-	-	-	12,562	49,645	455,723	210,171	254,846
Extraordinary loss	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>25,266,956</u>	<u>27,295,084</u>	<u>27,834,485</u>	<u>28,057,457</u>	<u>28,812,380</u>	<u>31,836,535</u>	<u>37,536,958</u>	<u>41,620,200</u>	<u>44,183,739</u>	<u>45,134,780</u>
Business-type activities:										
Investment earnings	17,894	19,330	111,555	206,823	366,249	594,051	524,565	236,885	139,389	(129,871)
Investment earnings - CIC	809,727	2,109	21,524	137,161	906,514	454,329	-	1,372,439	(1,926,157)	-
Miscellaneous	-	-	-	-	-	-	-	-	-	75,222
Transfers in/out	33,927	-	-	(18,900)	-	-	-	(22,340)	(1,020,279)	1,820,000
Total general revenues	<u>\$ 26,128,504</u>	<u>\$ 27,316,523</u>	<u>\$ 27,967,564</u>	<u>\$ 28,382,541</u>	<u>\$ 30,085,143</u>	<u>\$ 32,884,915</u>	<u>\$ 38,061,523</u>	<u>\$ 43,207,184</u>	<u>\$ 41,376,692</u>	<u>\$ 46,900,131</u>

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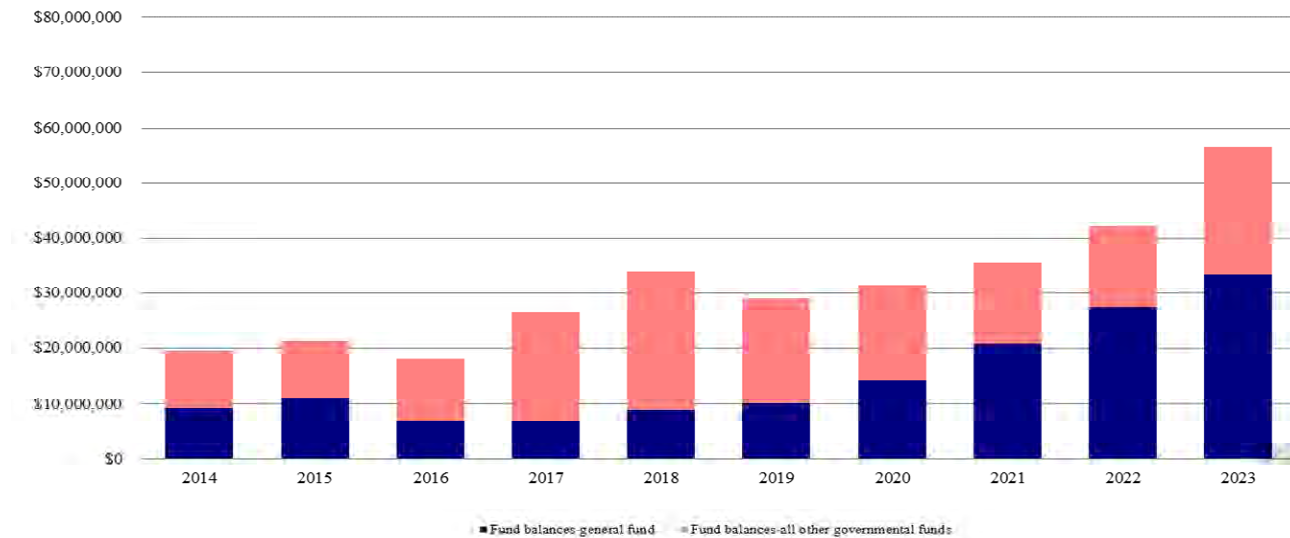
**CITY OF COVINA, CALIFORNIA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Change in net position										
Governmental activities	\$ (2,198,446)	\$ 576,537	\$ (2,693,290)	\$ 7,352,660	\$ (1,343,131)	\$ 4,347,311	\$ (2,205,989)	\$ 4,151,787	\$ 8,873,857	\$ 7,530,335
Business-type activities	5,829,008	3,542,017	3,527,168	5,056,966	733,210	818,628	783,087	3,080,179	52,570	2,288,374
Total changes in net position	\$ 3,630,562	\$ 4,118,554	\$ 833,878	\$ 12,409,626	\$ (609,921)	\$ 5,165,939	\$ (1,422,902)	\$ 7,231,966	\$ 8,926,427	\$ 9,818,709



**CITY OF COVINA, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Reserved										
Unreserved										
Nonspendable	\$ 28,094	\$ 3,354,570	\$ 753,534	\$ 3,247,152	\$ 3,116,097	\$ 2,620,620	\$ 2,621,554	\$ 1,008,903	\$ 82,179	\$ 99,526
Restricted	7,436,731	21,359	347,012	395,420	448,927	385,692	428,079	387,764	20,136,982	10,422,833
Committed	21,359	6,699,720	6,483,613	2,656,872	3,708,388	6,981,901	8,029,233	8,508,328	385,762	362,653
Assigned	1,680,892	979,197	-	442,472	1,561,848	42,726	25,940	17,166	7,268	1,091
Unassigned	-	-	(675,402)	-	-	-	3,167,653	10,878,058	6,786,935	22,431,703
Total general fund	\$ 9,167,076	\$ 11,054,846	\$ 6,908,757	\$ 6,741,916	\$ 8,835,260	\$ 10,030,939	\$ 14,272,459	\$ 20,800,219	\$ 27,399,126	\$ 33,317,806
All other governmental funds										
Reserved										
Unreserved, reported in:										
Special revenue funds										
Capital projects funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,631	\$ 1,159	\$ 22,553	\$ 7,949	\$ 8,445
Restricted	8,879,178	8,945,660	10,265,504	18,465,625	24,623,938	20,506,425	17,912,873	14,909,282	15,232,311	23,840,470
Assigned	1,497,633	1,338,429	877,646	1,270,910	491,368	111,473	-	100,116	-	-
Unassigned	(21,099)	(58,040)	(46,555)	(27,396)	(53,943)	(1,685,799)	(832,212)	(332,512)	(463,734)	(657,818)
Total all other governmental funds	\$ 10,355,712	\$ 10,226,049	\$ 11,096,595	\$ 19,709,139	\$ 25,061,363	\$ 18,937,730	\$ 17,081,820	\$ 14,699,439	\$ 14,776,526	\$ 23,191,097



**CITY OF COVINA, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

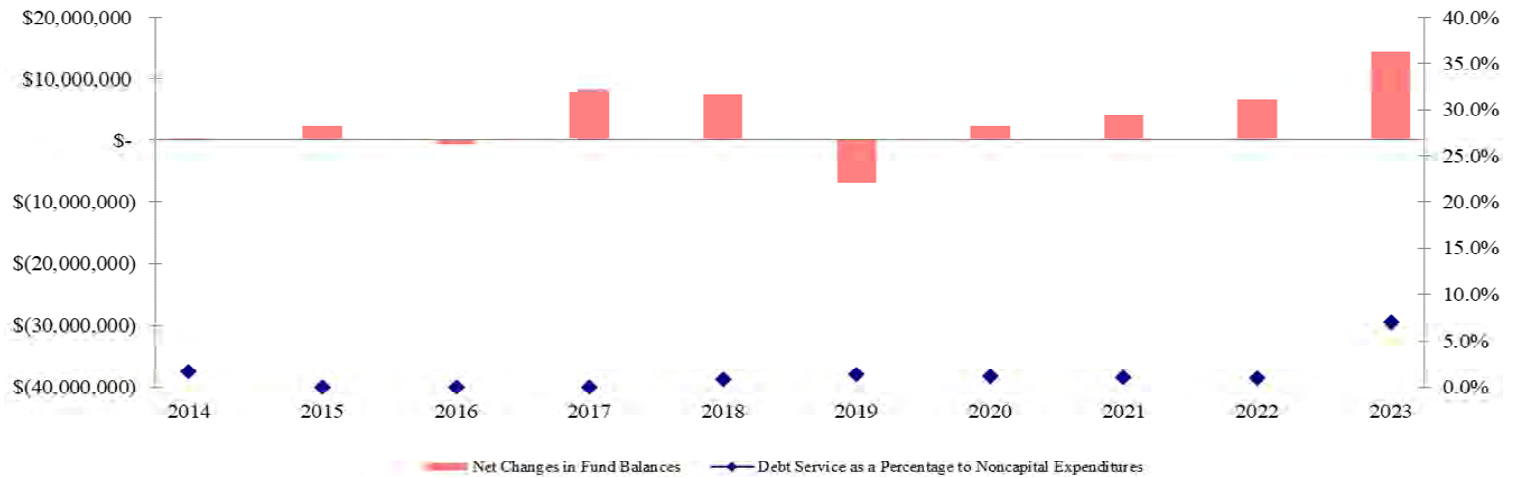
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 24,578,908	\$ 26,901,523	\$ 27,608,725	\$ 27,811,886	\$ 28,668,204	\$ 30,925,091	\$ 36,812,970	\$ 41,399,927	\$ 43,653,728	\$ 45,977,006
Licenses and permits	756,173	965,527	888,120	1,128,331	1,698,138	1,307,877	999,449	1,603,293	1,442,013	1,565,187
Intergovernmental	7,338,277	6,062,377	7,850,431	12,122,236	7,968,101	9,388,149	8,487,182	10,166,315	13,200,093	24,537,803
Charges for services	2,748,519	2,850,307	2,746,174	2,484,969	4,713,987	5,000,622	4,011,688	4,196,257	5,492,740	5,050,901
Fines and forfeits	828,444	559,409	862,009	930,478	907,304	926,644	907,080	890,254	1,081,458	1,340,191
Special assessments	725,365	944,194	524,949	590,948	634,282	533,047	1,414,617	1,469,594	592,885	880,496
Investment earnings	186,627	206,047	193,209	226,671	380,716	1,281,892	1,430,498	(59,645)	(980,055)	737,184
Miscellaneous	1,369,723	3,766,447	240,998	550,247	723,058	570,700	738,688	825,456	727,918	814,559
Total revenues	<u>38,532,036</u>	<u>42,255,831</u>	<u>40,914,615</u>	<u>45,845,766</u>	<u>45,693,790</u>	<u>49,934,022</u>	<u>54,802,172</u>	<u>60,491,451</u>	<u>65,210,780</u>	<u>80,903,327</u>
Expenditures										
General government	503,430	232,379	3,928,177	3,476,163	2,235,447	1,790,386	2,593,801	2,561,757	5,382,805	2,599,832
Public safety	24,415,716	24,617,224	23,721,228	23,283,514	26,571,782	28,302,062	29,372,913	32,413,668	73,854,134	36,377,733
Public works	3,183,073	4,377,357	3,109,378	3,762,770	4,753,148	4,091,454	4,474,244	6,962,063	5,833,291	4,138,958
Culture and recreation	4,546,531	4,602,280	3,245,947	3,254,141	3,923,981	4,282,219	3,926,265	3,456,912	7,079,292	4,587,871
Community development	1,289,508	832,898	1,543,411	1,202,281	1,890,189	1,852,180	2,247,775	2,277,834	5,432,129	3,229,912
Transit	980,911	1,020,243	746,109	957,374	764,864	887,211	1,734,472	2,277,196	951,556	967,643
Redevelopment and housing	466,232	490,745	265,742	287,877	1,005,353	517,758	567,340	890,178	679,401	719,415
Capital outlay	2,823,296	3,419,189	5,030,166	1,175,943	2,617,687	15,518,582	6,985,453	4,894,860	5,909,455	6,940,758
Debt service:										
Principal	579,404	-	-	-	210,000	300,000	305,000	310,000	320,000	2,639,742
Interest and fiscal charges	23,501	-	-	-	155,078	233,481	252,136	250,944	722,016	1,350,031
Bond issuance costs	-	-	-	-	-	45,544	-	-	-	-
Total expenditures	<u>38,811,602</u>	<u>39,592,315</u>	<u>41,590,158</u>	<u>37,400,063</u>	<u>44,127,529</u>	<u>57,820,877</u>	<u>52,459,399</u>	<u>56,295,412</u>	<u>106,164,079</u>	<u>63,551,895</u>
Excess of revenues over (under) expenditures	<u>(279,566)</u>	<u>2,663,516</u>	<u>(675,543)</u>	<u>8,445,703</u>	<u>1,566,261</u>	<u>(7,886,855)</u>	<u>2,342,773</u>	<u>4,196,039</u>	<u>(40,953,299)</u>	<u>17,351,432</u>

(Continued)

CITY OF COVINA, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

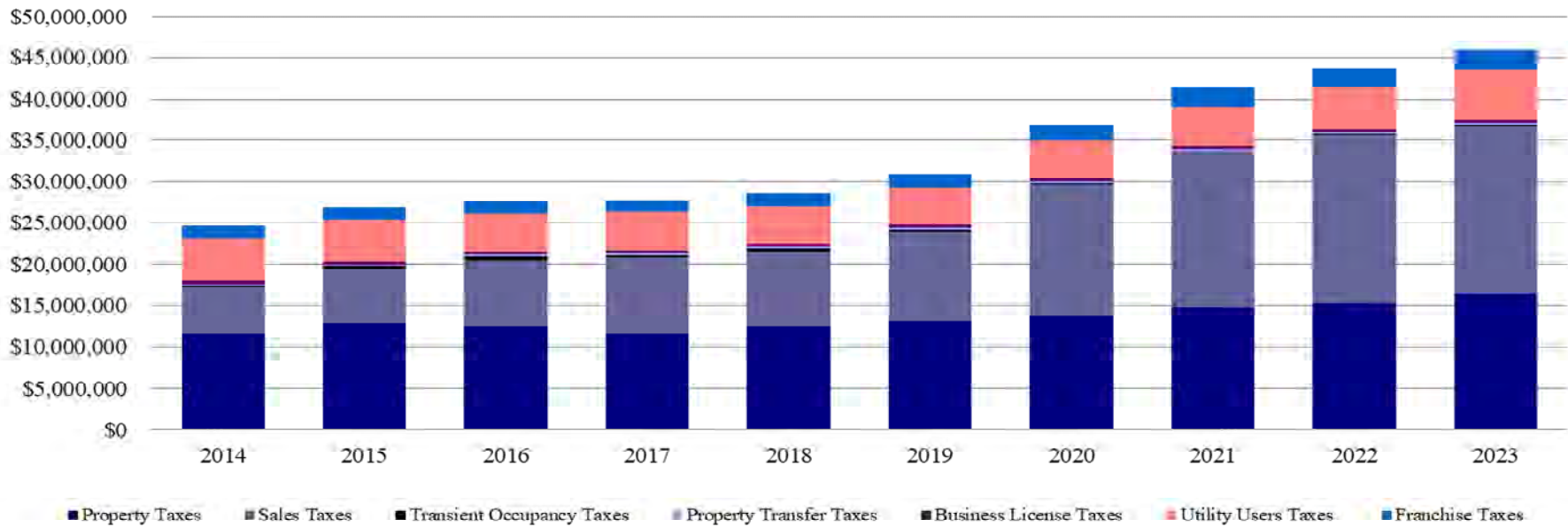
Other financing sources (uses)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transfers in	\$ 977,149	\$ 2,161,548	\$ 2,317,808	\$ 1,373,629	\$ 1,186,303	\$ 2,422,806	\$ 1,195,374	\$ 625,625	\$ 613,927	\$ 1,531,080
Transfers out	(1,202,753)	(2,415,967)	(2,317,808)	(1,373,629)	(1,186,303)	(3,861,325)	(1,195,374)	(676,285)	(6,103,294)	(4,551,080)
Capital leases	-	-	-	-	-	-	-	-	460,000	-
Loan Proceeds	-	-	-	-	-	-	-	-	12,476	1,819
Tax allocation bonds issued	-	-	-	-	-	-	-	-	-	-
Proceeds from debt issuance	-	-	-	-	5,625,000	2,500,000	-	-	52,646,184	-
Premium on debt issuance	-	-	-	-	254,307	-	-	-	-	-
Payment to refunded bond account	-	-	-	-	-	-	-	-	-	-
Gain (loss) on sale and disposal of capital assets	720,376	-	-	-	-	-	42,837	-	-	-
Total other financing sources (uses)	494,772	(254,419)	-	-	5,879,307	1,061,481	42,837	(50,660)	47,629,293	(3,018,181)
Net changes in fund balances	\$ 215,206	\$ 2,409,097	\$ (675,543)	\$ 8,445,703	\$ 7,445,568	\$ (6,825,374)	\$ 2,385,610	\$ 4,145,379	\$ 6,675,994	\$ 14,333,251

Debt service as a percentage of noncapital expenditures	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	1.7%	0.0%	0.0%	0.0%	0.9%	1.4%	1.2%	1.1%	1.0%	7.0%



**CITY OF COVINA, CALIFORNIA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

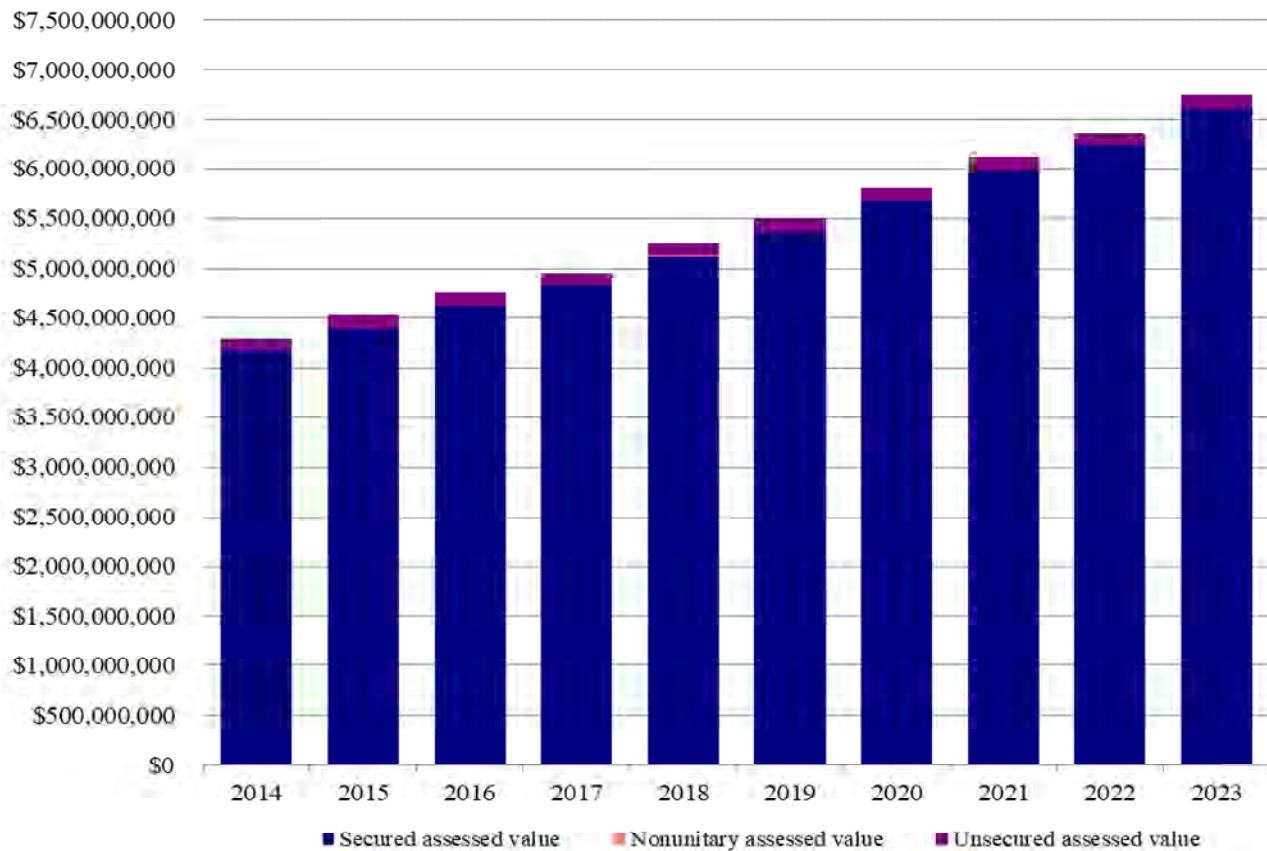
Fiscal Year	Property Taxes ⁽¹⁾	Sales Taxes	Transient Occupancy Taxes	Property Transfer Taxes	Business License Taxes	Utility Users Taxes	Franchise Taxes	Total
2014	\$ 11,725,280	\$ 5,643,574	\$ 100,878	\$ 157,945	\$ 415,362	\$ 5,055,632	\$ 1,480,237	\$ 24,578,908
2015	12,913,803	6,569,382	348,148	159,795	326,818	5,033,846	1,549,731	26,901,523
2016	12,564,219	7,929,069	482,727	223,766	328,716	4,632,448	1,447,780	27,608,725
2017	11,642,704	9,164,440	327,570	200,253	337,626	4,689,894	1,449,399	27,811,886
2018	12,575,318	8,950,753	388,491	236,899	348,793	4,573,428	1,594,522	28,668,204
2019	13,123,395	10,753,877	240,946	217,332	372,756	4,590,983	1,625,802	30,925,091
2020	13,812,820	15,875,886	130,831	212,485	347,120	4,523,187	1,910,641	36,812,970
2021	14,862,914	18,891,999	3,661	216,776	357,765	4,847,226	2,219,586	41,399,927
2022	15,338,132	20,249,413	95,950	278,481	363,536	5,082,103	2,246,113	43,653,728
2023	16,419,598	20,281,592	193,649	214,879	431,438	6,041,869	2,393,981	45,977,006



⁽¹⁾ Includes both City property tax and Redevelopment Agency tax allocations up to 2012. Property tax in-lieu motor vehicle licenses are not included in amounts prior to fiscal year 2006.

**CITY OF COVINA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value ⁽¹⁾				Total Effective Rate (2)
	Secured	Nonunitary	Unsecured	Total	
2014	4,168,222,632	401,800	129,212,504	4,297,836,936	1.4047%
2015	4,391,097,348	401,800	136,165,789	4,527,664,937	1.4125%
2016	4,622,530,801	401,800	136,586,370	4,759,518,971	1.4548%
2017	4,833,140,987	656,500	129,151,190	4,962,948,677	1.4552%
2018	5,126,757,001	656,500	125,505,161	5,252,918,662	1.4801%
2019	5,368,832,086	53,800	130,846,429	5,499,732,315	1.4645%
2020	5,681,002,424	53,800	132,250,317	5,813,306,541	1.4974%
2021	5,986,855,692	9,148	138,241,671	6,125,106,511	1.4727%
2022	6,237,377,853	9,148	125,747,512	6,363,134,513	1.4892%
2023	6,605,639,837	9,148	144,173,457	6,749,822,442	1.4829%



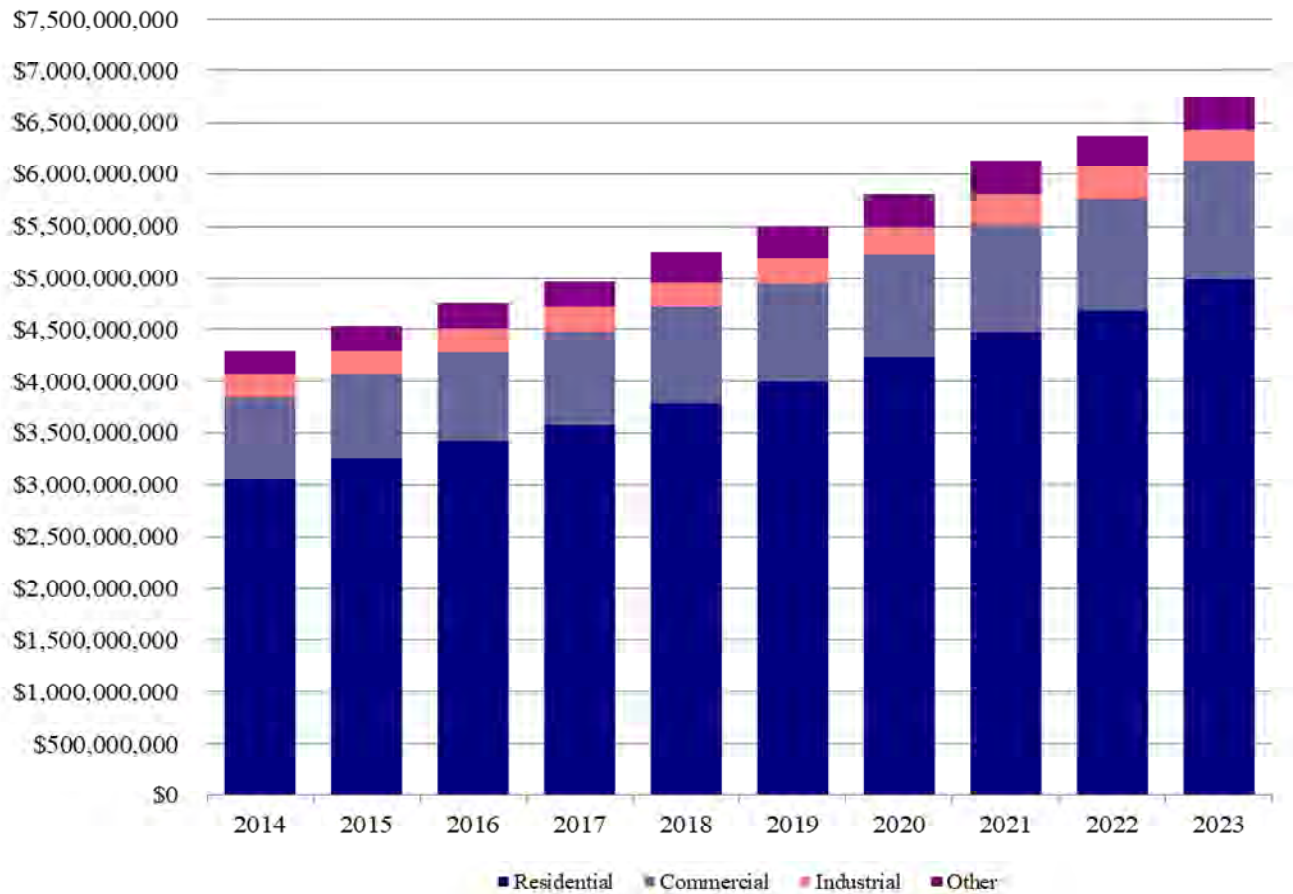
⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

**CITY OF COVINA, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY BY USE
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value ⁽¹⁾				Total	Total Effective Rate (2)
	Residential	Commercial	Industrial	Other		
2014	3,051,809,271	794,611,256	228,672,928	222,743,481	4,297,836,936	1.4047%
2015	3,259,575,794	813,796,268	223,545,046	230,747,829	4,527,664,937	1.4125%
2016	3,429,044,663	855,846,637	228,745,403	245,882,268	4,759,518,971	1.4548%
2017	3,577,650,675	901,743,008	232,619,329	250,935,665	4,962,948,677	1.4552%
2018	3,790,868,304	923,889,405	237,982,559	300,178,394	5,252,918,662	1.4801%
2019	3,999,408,804	943,988,485	248,088,436	308,246,590	5,499,732,315	1.4645%
2020	4,236,209,336	995,891,012	261,497,564	319,708,629	5,813,306,541	1.4974%
2021	4,477,167,443	1,041,244,830	288,116,648	318,577,590	6,125,106,511	1.4727%
2022	4,685,689,429	1,078,429,108	307,074,332	291,941,644	6,363,134,513	1.4892%
2023	4,989,022,923	1,136,324,463	312,388,220	312,086,836	6,749,822,442	1.4829%



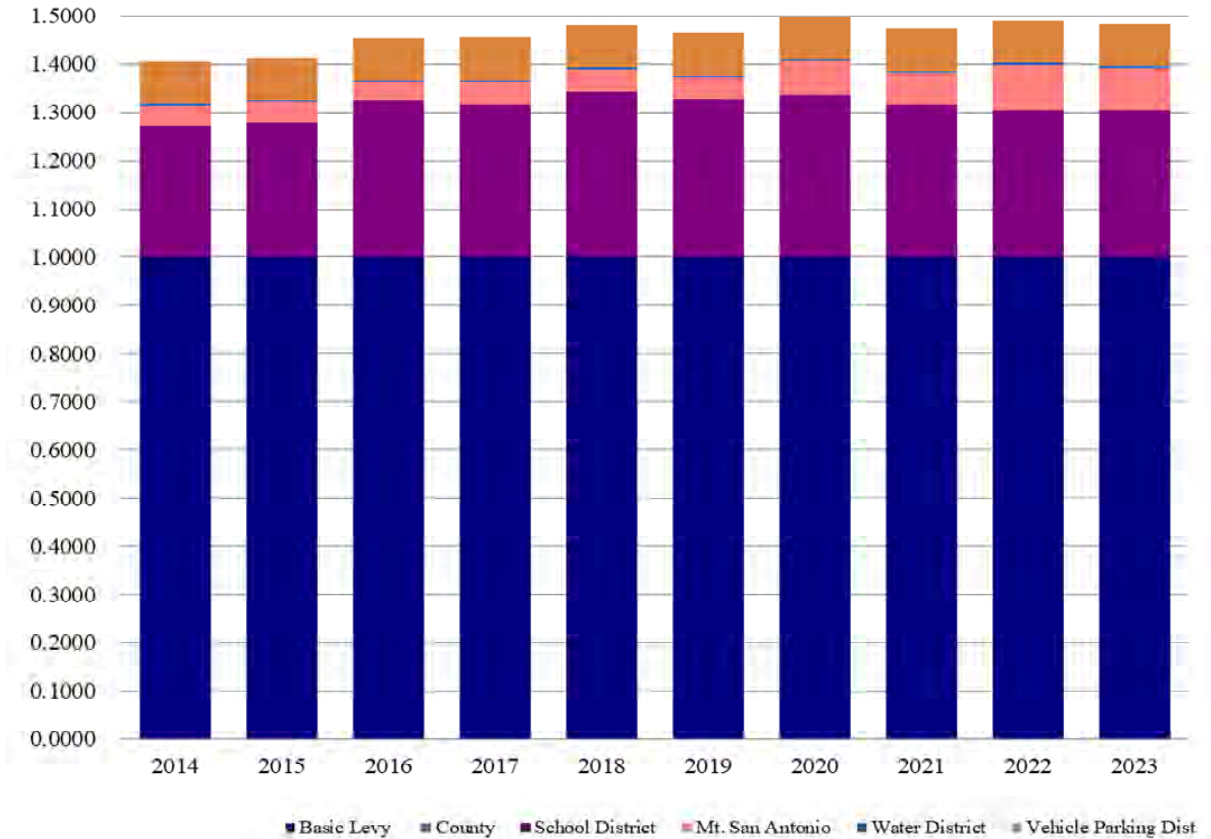
⁽¹⁾ Net of exemptions

⁽²⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies

**CITY OF COVINA, CALIFORNIA
PROPERTY TAX RATES ⁽¹⁾
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	Basic Levy ⁽²⁾	County			School District ⁽³⁾	Community College District ⁽⁴⁾	Water District	Vehicle Parking District	Total Effective Rate ⁽⁵⁾
		General	Flood Control	Total					
2014	1.0000	0.0000	0.0000	0.0000	0.2713	0.0425	0.0035	0.0875	1.4047
2015	1.0000	0.0000	0.0000	0.0000	0.2770	0.0446	0.0035	0.0875	1.4125
2016	1.0000	0.0000	0.0000	0.0000	0.3258	0.0380	0.0035	0.0875	1.4548
2017	1.0000	0.0000	0.0000	0.0000	0.3162	0.0481	0.0035	0.0875	1.4553
2018	1.0000	0.0000	0.0000	0.0000	0.3431	0.0460	0.0035	0.0875	1.4801
2019	1.0000	0.0000	0.0000	0.0000	0.3267	0.0467	0.0035	0.0875	1.4645
2020	1.0000	0.0000	0.0000	0.0000	0.3368	0.0695	0.0035	0.0875	1.4974
2021	1.0000	0.0000	0.0000	0.0000	0.3156	0.0662	0.0035	0.0875	1.4727
2022	1.0000	0.0000	0.0000	0.0000	0.3038	0.0944	0.0035	0.0875	1.4892
2023	1.0000	0.0000	0.0000	0.0000	0.3041	0.0878	0.0035	0.0875	1.4829



⁽¹⁾ Per \$100 of assessed value

⁽²⁾ Basic levy for City (\$0.154), County (\$0.338), Covina Valley Unified School District (\$0.184), Educational Revenue Augmentation Fund (\$0.242) and other agencies (\$0.082).

⁽³⁾ Azusa Unified School District, Charter Oak Unified School District and Covina Valley Unified School District .

⁽⁴⁾ Citrus Community College District and Mt. San Antonio Community College District .

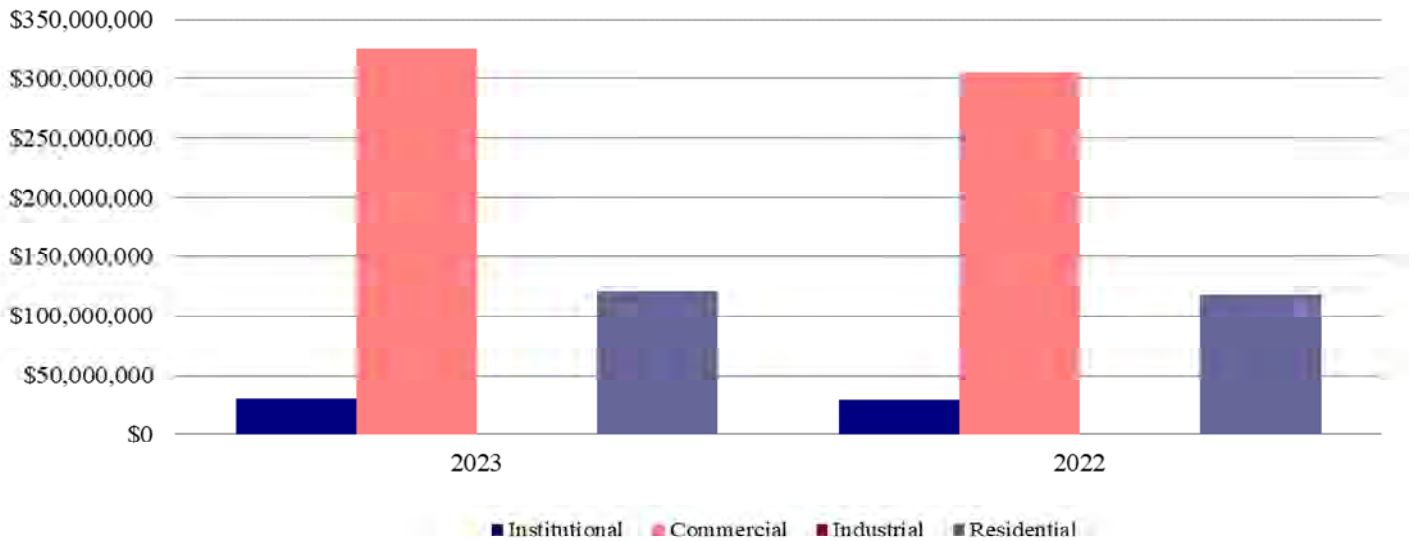
⁽⁵⁾ Because of California's complicated taxing structure where different values are taxed at different rates due to Proposition 13 and Redevelopment dissolution statutes, we have used an effective rate. The rate has been calculated by dividing total revenue for the government preparing the statistical section by the total revenue base.

Source: Los Angeles County/Hdl Companies .

**CITY OF COVINA, CALIFORNIA
PRINCIPAL PROPERTY OWNERS'
LAST TEN FISCAL YEARS**

Taxpayer	Primary Use	2023			2022		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value ⁽¹⁾
Ikea Property Inc	Commercial	\$ 81,855,358	1	1.21%	\$ 72,429,940	1	1.14%
Vista Pointe Grand Apartments LLC	Residential	64,618,483	2	0.96%	63,335,354	2	1.00%
KIR Covina Limited Partnership	Commercial	58,156,556	3	0.86%	57,016,246	3	0.90%
Covina Grand Apartments LLC	Residential	55,981,867	4	0.83%	54,893,487	4	0.86%
Sierra Health and Life Insurance Compa	Commercial	49,320,000	5	0.73%	40,272,949	5	0.63%
UIMC Covina LLC	Commercial	39,421,109	6	0.58%	38,648,149	6	0.61%
FNL of Covina Partners LLC	Commercial	34,940,037	7	0.52%	34,254,945	7	0.54%
LVGEM Hotel Corporation	Commercial	31,466,951	8	0.47%	33,053,607	8	0.52%
Charter Communications	Commercial	30,283,485	9	0.45%	29,327,356	10	0.46%
CCP Covina 4003 LP	Institutional	30,093,855	10	0.45%	29,503,782	9	0.46%
Total		\$ 476,137,701		7.06%	\$ 452,735,815		7.12%

Principal Property Owners

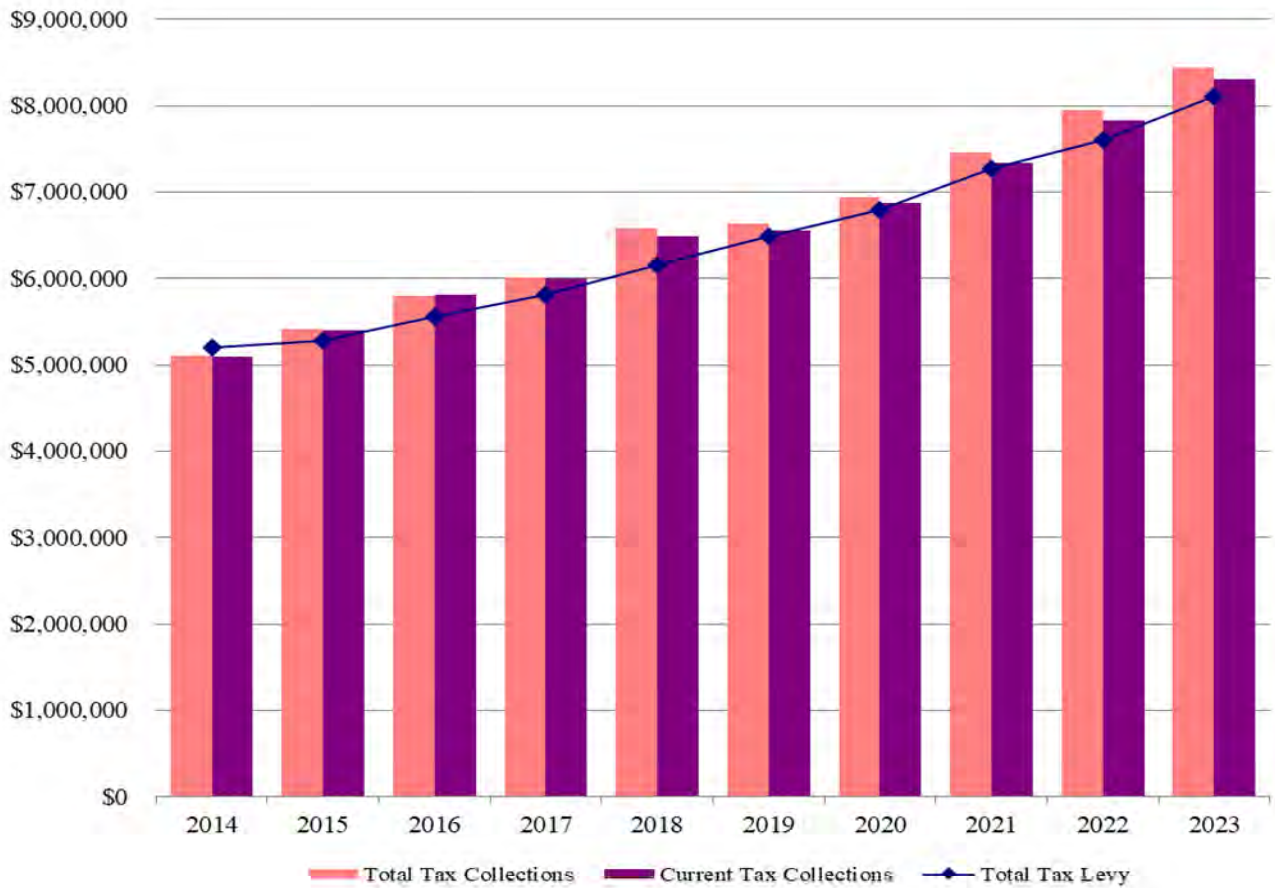


⁽¹⁾ Total assessed valuation of taxable property exclusive of exemptions.

Source: Los Angeles County/Hdl Companies

**CITY OF COVINA, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS ⁽¹⁾
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy ⁽²⁾	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Total Tax Levy
2014	5,195,545	5,095,292	98.1%	5,745	5,101,037	98.2%
2015	5,276,198	5,403,432	102.4%	6,191	5,409,623	102.5%
2016	5,553,269	5,809,940	104.6%	(9,333)	5,800,607	104.5%
2017	5,815,150	5,996,355	103.1%	11,769	6,008,124	103.3%
2018	6,154,437	6,485,903	105.4%	98,063	6,583,966	107.0%
2019	6,483,113	6,548,523	101.0%	87,221	6,635,744	102.4%
2020	6,795,929	6,868,907	101.1%	70,619	6,939,526	102.1%
2021	7,277,691	7,335,258	100.8%	125,446	7,460,704	102.5%
2022	7,609,654	7,827,091	102.9%	125,398	7,952,489	104.5%
2023	8,111,743	8,311,716	102.5%	122,754	8,434,470	104.0%



⁽¹⁾ Includes only City general property taxes of the General Fund and Municipal Parking District Special Revenue Fund

⁽²⁾ Includes secured and unsecured property tax levies exclusive of homeowner exemption, supplemental roll and in-lieu motor vehicle licenses.

Source: Los Angeles County.

CITY OF COVINA, CALIFORNIA RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities						Business Activities			Total	Percentage of Personal Income ⁽¹⁾	Percentage of Debt Per Capita ⁽¹⁾	
	Certificates of Participation	Revenue Bonds	Notes	Leases	Section 108 Loan	Pension Obligation Bonds	Installment Agreement	Revenue Bonds	Leases				Pension Obligation Bonds
2014	-	-	-	-	-	-	-	28,342,757	4,033,567	-	32,376,324	3.88%	0.15%
2015	-	-	-	-	-	-	-	27,419,747	3,764,539	-	31,184,286	4.00%	0.16%
2016	-	-	-	-	-	-	-	26,466,734	3,482,249	-	29,948,983	4.14%	0.16%
2017	-	-	-	-	-	-	-	25,483,722	3,186,043	-	28,669,765	4.38%	0.17%
2018	5,657,747	-	-	496,571	-	-	-	24,465,710	2,875,237	-	33,495,265	3.77%	0.15%
2019	5,471,187	-	-	496,571	2,375,000	-	-	23,407,697	2,549,111	-	34,299,566	3.88%	0.14%
2020	5,279,627	-	-	244,087	2,250,000	-	-	21,443,255	2,206,909	-	31,423,878	4.36%	0.16%
2021	5,083,068	-	-	-	2,125,000	-	18,290,271	8,210,000	-	-	33,708,339	4.23%	0.14%
2022	4,876,509	-	-	227,389	2,000,000	54,939,654	17,132,316	7,370,000	13,934	7,855,346	94,415,148	1.58%	0.05%
2023	4,659,950	305,403	-	153,335	1,875,000	52,529,291	15,991,560	6,515,000	10,531	7,510,709	89,550,779	1.92%	0.06%

Outstanding Debt by Type-Last Ten Fiscal Years



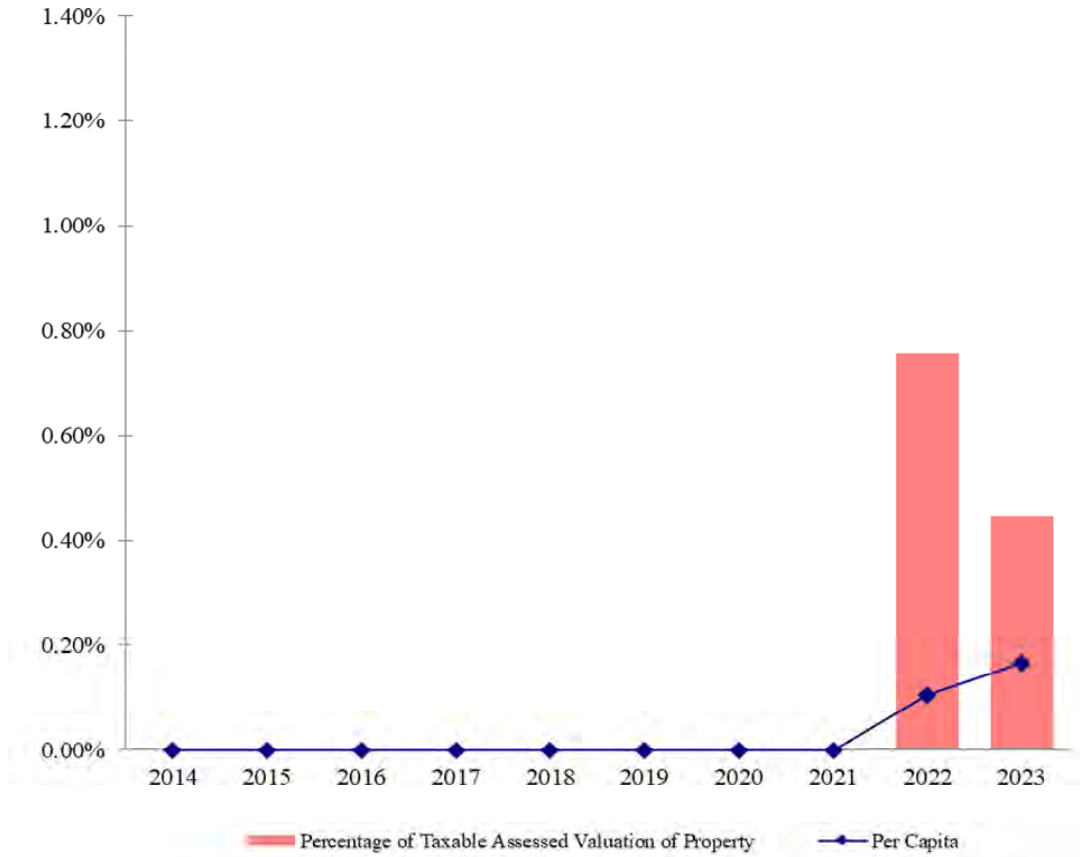
Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

⁽¹⁾ See Demographic Statistics on page 178.

⁽²⁾ Due to the dissolution of the Covina Redevelopment Agency, the debt related to tax allocation bonds is no longer reported in this table.

**CITY OF COVINA, CALIFORNIA
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Pension Obligation Bonds	Less Amounts Available in Debt		Total	Percentage of Taxable Assessed Valuation ⁽¹⁾	
		Service Fund			of Property	Per Capita ⁽²⁾
2014	-	-	-	-	0.00%	0.00%
2015	-	-	-	-	0.00%	0.00%
2016	-	-	-	-	0.00%	0.00%
2017	-	-	-	-	0.00%	0.00%
2018	-	-	-	-	0.00%	0.00%
2019	-	-	-	-	0.00%	0.00%
2020	-	-	-	-	0.00%	0.00%
2021	-	-	-	-	0.00%	0.00%
2022	54,939,654	6,786,935	48,152,719	48,152,719	0.76%	0.00%
2023	52,529,291	22,431,703	30,097,588	30,097,588	0.45%	0.17%



Note: Details regarding the City's outstanding debt can be found in the *notes to the financial statements*.

⁽¹⁾ See Assessed Value of Taxable Property-Last Ten Fiscal Years on page 167.

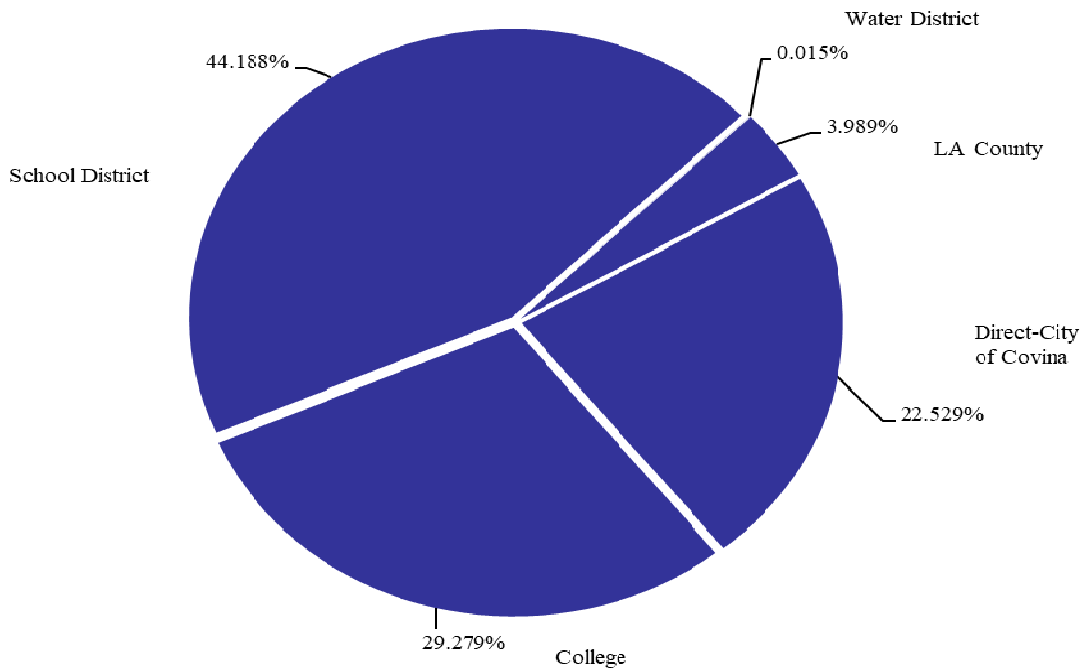
⁽²⁾ See Demographic Statistics on page 178.

⁽³⁾ Due to the dissolution of the Covina Redevelopment Agency, Tax Allocation Bonded Debt is no longer reported on this schedule.

**CITY OF COVINA, CALIFORNIA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BONDED DEBT
AS OF JUNE 30, 2023**

Jurisdiction	Net General Activities Bonded and Capital Lease Debt Outstanding	Percentage Applicable to City of Covina ⁽²⁾	Amount Applicable to City of Covina
Direct-City of Covina ⁽¹⁾	\$ 52,682,626	100.000%	\$ 52,682,626
Overlapping:			
Water District:			
Metropolitan Water District	19,215,000	0.186%	35,740
College:			
Citrus Community College District	130,475,302	0.320%	417,521
Mt. San Antonio Community College District	882,482,780	5.985%	52,816,594
Mt. San Antonio Community College District Certificates	254,500,000	5.985%	15,231,825
School District:			
Azusa Unified School District	133,098,432	1.313%	1,747,582
Azusa Unified School District General Fund Obligations	4,289,000	1.313%	56,315
Charter Oak Unified School District	58,820,000	38.462%	22,623,348
Charter Oak Unified School District Certificates of	775,000	38.462%	298,081
Covina-Valley Unified School District	184,178,129	42.678%	78,603,542
Los Angeles County:			
Los Angeles County General Fund Obligations	2,601,551,282	0.356%	9,261,523
Los Angeles County Superintendent of Schools	3,403,487	0.356%	12,116
Los Angeles County Sanitation District No. 22 Authority	405,950	13.168%	53,455
Subtotal overlapping debt			<u>181,157,642</u>
Total direct and overlapping debt			<u><u>\$ 233,840,268</u></u>

Amount Applicable to City of Covina



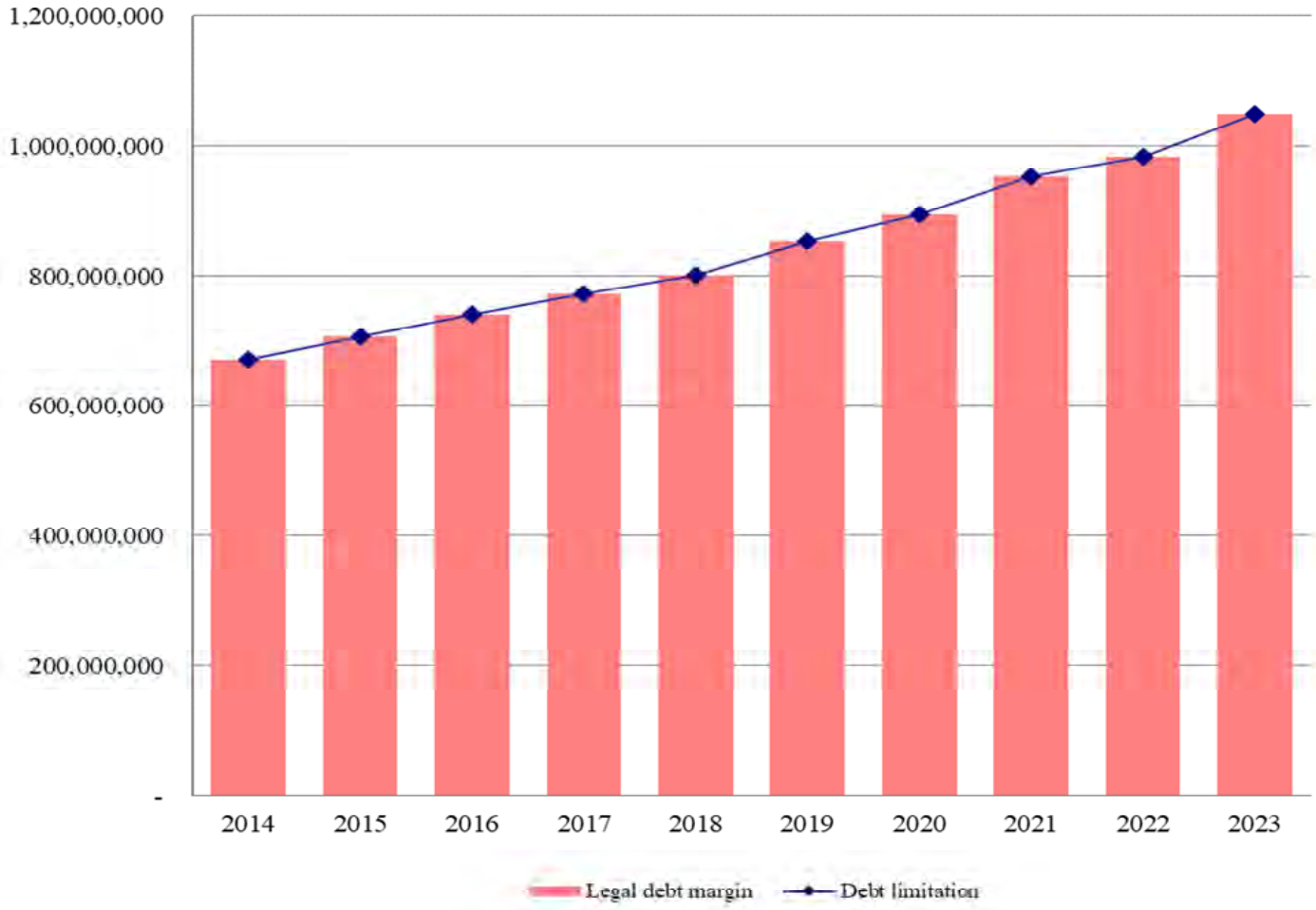
⁽¹⁾ Includes governmental activities debt reported in the Ratios of Outstanding Debt by Type on page 172.

⁽²⁾ The percentage of overlapping debt applicable is estimated by using taxable assessed values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Los Angeles County/Hdl Companies

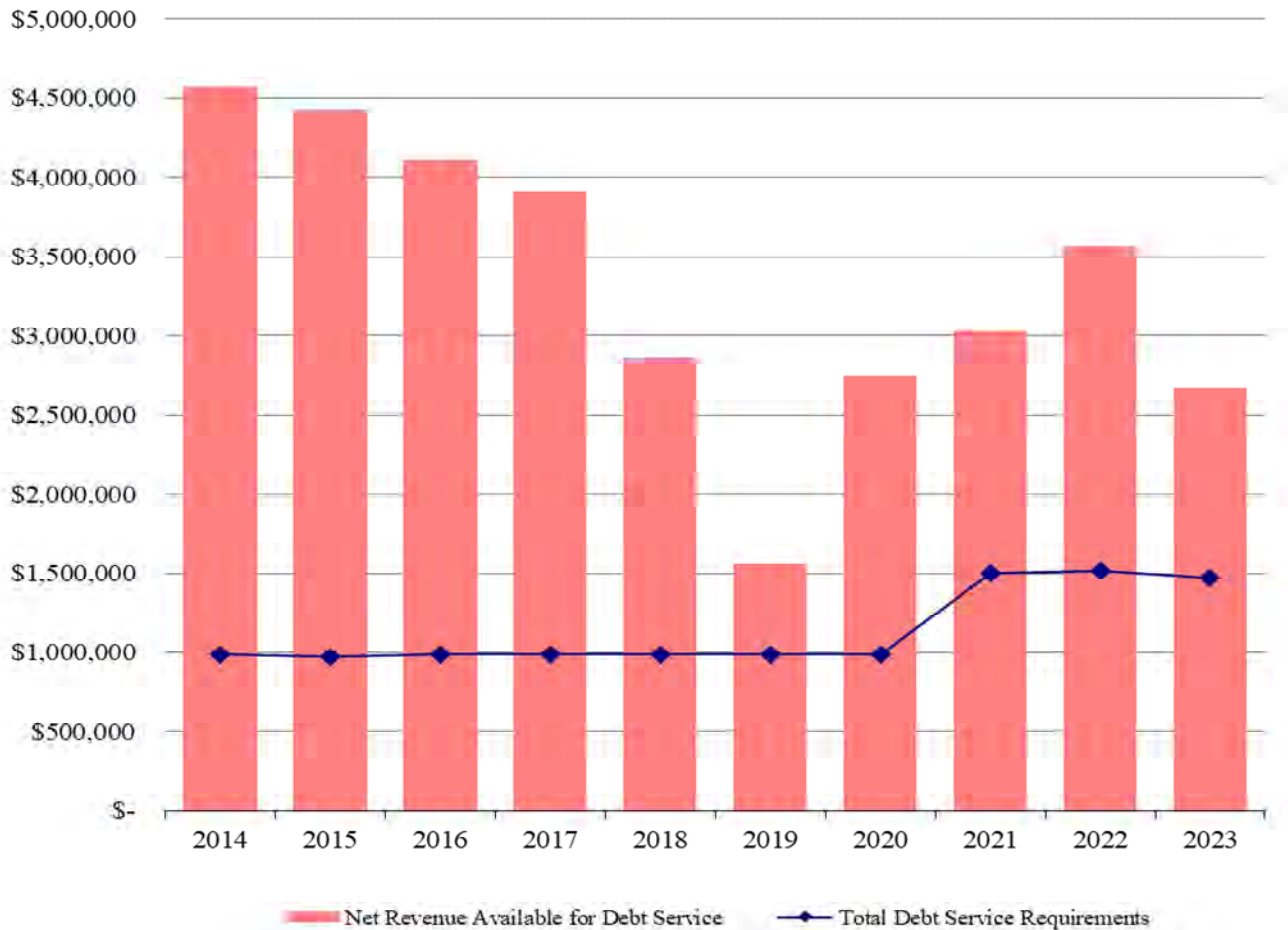
**CITY OF COVINA, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Valuations			Legal Debt Margin		
	Assessed Value	Add Exemptions	Total Assessed Value	Debt Limitation-15% of Total Assessed Value	Total Debt Applicable to Limitation	Legal Debt Margin
2014	4,297,836,936	171,312,269	4,469,149,205	670,372,381	-	670,372,381
2015	4,527,664,937	180,062,301	4,707,727,238	706,159,086	-	706,159,086
2016	4,759,518,971	183,697,385	4,943,216,356	741,482,453	-	741,482,453
2017	4,962,948,677	196,055,673	5,159,004,350	773,850,653	-	773,850,653
2018	5,252,918,662	91,194,219	5,344,112,881	801,616,932	-	801,616,932
2019	5,499,732,315	184,378,433	5,684,110,748	852,616,612	-	852,616,612
2020	5,813,838,744	149,727,735	5,963,566,479	894,534,972	-	894,534,972
2021	6,125,106,511	231,099,414	6,356,205,925	953,430,889	-	953,430,889
2022	6,363,134,513	200,232,342	6,563,366,855	984,505,028	-	984,505,028
2023	6,749,822,442	254,387,103	7,004,209,545	1,050,631,432	-	1,050,631,432



**CITY OF COVINA, CALIFORNIA
 PLEDGED-REVENUE BOND COVERAGE
 WATER UTILITY FUND INSTALLMENT AGREEMENT AND REVENUE BONDS
 LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	13,339,122	8,771,194	4,567,928	255,000	731,412	986,412	4.63
2015	11,350,293	6,924,720	4,425,573	265,000	710,708	975,708	4.54
2016	10,506,025	6,394,614	4,111,411	280,000	710,113	990,113	4.15
2017	11,148,725	7,238,966	3,909,759	290,000	698,713	988,713	3.95
2018	11,350,497	8,484,444	2,866,053	300,000	685,413	985,413	2.91
2019	9,876,708	8,319,258	1,557,450	315,000	671,613	986,613	1.58
2020	10,889,143	8,141,622	2,747,521	330,000	658,713	988,713	2.78
2021	11,805,889	8,774,975	3,030,914	933,307	569,062	1,502,369	2.02
2022	11,902,839	8,335,858	3,566,981	1,157,955	354,474	1,512,429	2.36
2023	11,659,206	8,990,972	2,668,234	1,140,756	331,945	1,472,701	1.81



⁽¹⁾ Total revenues (including investment earnings) excluding joint venture investment income and gain on sale of capital assets.

⁽²⁾ Total operating expenses exclusive of depreciation.

**CITY OF COVINA, CALIFORNIA
 PLEDGED-REVENUE BOND COVERAGE
 SEWER FUND REVENUE BONDS
 LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenues ⁽¹⁾	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2014	2,229,571	784,732	1,444,839	640,000	656,056	1,296,056	1.11
2015	2,614,619	919,254	1,695,365	660,000	642,063	1,302,063	1.30
2016	2,720,240	785,109	1,935,131	675,000	619,781	1,294,781	1.49
2017	2,818,015	661,138	2,156,877	695,000	598,363	1,293,363	1.67
2018	2,967,675	1,013,663	1,954,012	720,000	574,469	1,294,469	1.51
2019	3,193,723	1,721,983	1,471,740	745,000	547,900	1,292,900	1.14
2020	3,166,964	2,367,418	799,546	895,000	397,205	1,292,205	0.62
2021	3,186,247	1,848,785	1,337,462	825,000	202,631	1,027,631	1.30
2022	3,325,666	1,529,927	1,795,739	840,000	186,054	1,026,054	1.75
2023	3,002,790	1,731,926	1,270,864	855,000	168,768	1,023,768	1.24



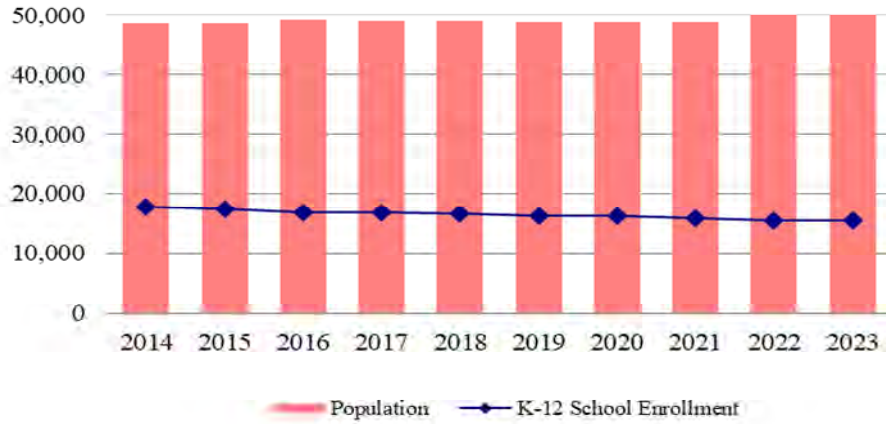
⁽¹⁾ Total revenues (including investment earnings) excluding gain on sale of capital assets.

⁽²⁾ Total operating expenses exclusive of depreciation.

CITY OF COVINA, CALIFORNIA DEMOGRAPHIC AND ECONOMIC STATISTICS

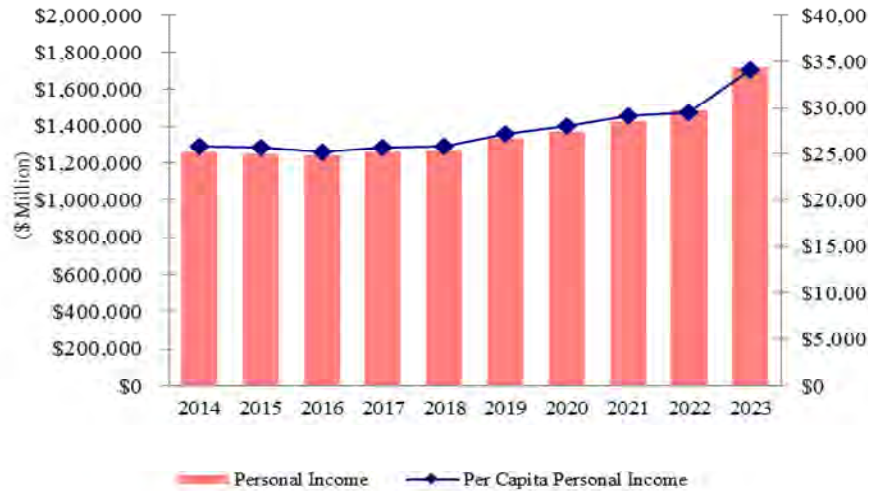
Last Ten Fiscal Years

Year	Population ⁽¹⁾	K-12 School Enrollment ⁽²⁾
2014	48,619	17,864
2015	48,640	17,432
2016	49,291	16,860
2017	49,011	16,806
2018	49,006	16,627
2019	48,876	16,294
2020	48,846	16,200
2021	48,833	15,854
2022	50,449	15,453
2023	50,350	15,413



Last Ten Fiscal Years

Year	Personal Income ⁽³⁾ (\$ Thousand)	Per Capita Personal Income ⁽³⁾
2014	1,256,801	25,850
2015	1,248,346	25,665
2016	1,240,869	25,174
2017	1,256,462	25,636
2018	1,262,424	25,760
2019	1,330,564	27,223
2020	1,368,680	28,020
2021	1,426,212	29,205
2022	1,488,896	29,512
2023	1,717,049	34,102



Last Ten Fiscal Years

Year	Unemployment Rate ⁽⁴⁾
2014	6.1%
2015	6.8%
2016	8.0%
2017	6.3%
2018	5.1%
2019	4.9%
2020	4.7%
2021	13.3%
2022	9.5%
2023	5.1%



⁽¹⁾ State Department of Finance.

⁽²⁾ State Department of Education-Covina Valley and Charter Oak Unified School Districts.

⁽³⁾ HdL, Coren & Cone.

⁽⁴⁾ State Employment Development Department.

**CITY OF COVINA, CALIFORNIA
PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2023**

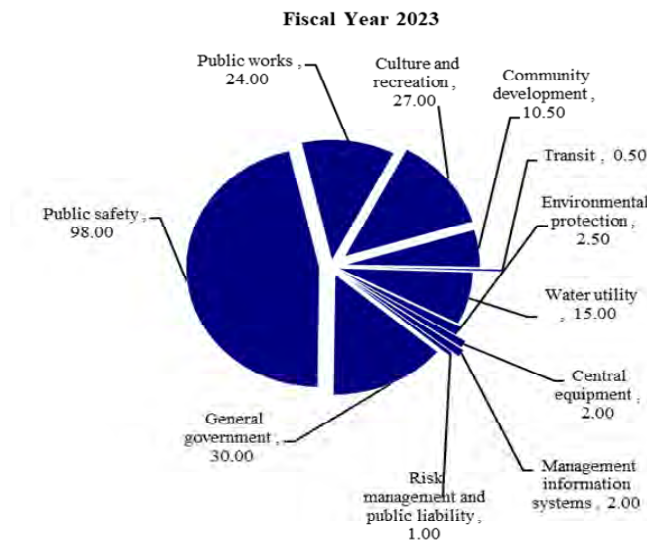
Employer	2023			2022		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Covina Valley Unified School District	1,351	1	9.37%	1,316	1	8.72%
Citrus Valley Health Partners-Intercommunity	926	2	6.42%	924	2	6.12%
Charter Oak Unified School District	677	3	4.70%	668	3	4.43%
Ikea U.S. West, Inc.	292	4	2.03%	332	4	2.20%
Wal-Mart	287	5	1.99%	319	5	2.11%
City of Covina	252	6	1.75%	239	6	1.58%
Howard J. Chudler & Associates, Inc	232	7	1.61%	-	-	0.00%
The Home Depot	189	8	1.31%	238	7	1.58%
Bert's Mega Mall	165	9	1.14%	150	9	0.99%
Healthcare Partners Affiliates Medical Group	151	10	1.05%	170	8	1.13%
Vitas Innovative Hospice Care	-	-	0.00%	146	10	0.97%
	<u>4,522</u>		<u>31.36%</u>	<u>4,502</u>		<u>29.83%</u>

Source: City of Covina Finance Department, Covina Valley and Charter Oak School Districts and Citrus Valley Medical Center

**CITY OF COVINA, CALIFORNIA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2022	2023
	Total	Total	Total	Total	Total	Total	Total	Total	Total	Total
General government	29.50	23.56	20.56	28.00	25.50	26.50	27.00	29.50	29.50	30.00
Public safety	94.50	99.50	100.50	112.00	99.50	98.50	98.50	95.50	96.50	98.00
Public works	26.50	19.50	19.50	25.00	21.80	21.80	22.80	23.80	23.80	24.00
Culture and recreation	56.50	43.18	43.41	30.94	21.95	22.47	29.67	30.08	29.19	27.00
Community development	5.00	14.50	16.50	7.00	6.50	7.50	9.50	9.50	11.00	10.50
Transit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50
Redevelopment and housing	12.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	15.00
Water utility	3.50	3.75	3.75	4.00	3.50	4.00	4.00	4.00	3.50	2.50
Environmental protection	4.50	5.50	5.50	3.00	3.00	3.00	3.00	3.00	3.00	2.00
Central equipment	5.50	6.00	6.00	1.00	-	2.00	2.00	2.00	2.00	2.00
Management information systems	-	-	-	-	-	-	1.00	-	1.00	1.00
Total full-time equivalent positions	<u>238.50</u>	<u>230.49</u>	<u>230.72</u>	<u>225.94</u>	<u>196.75</u>	<u>200.77</u>	<u>212.47</u>	<u>212.38</u>	<u>214.49</u>	<u>212.50</u>

Source: Finance Department Budget



**CITY OF COVINA, CALIFORNIA
OPERATING INDICATORS BY FUNCTION (1)
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Finance:										
Payroll checks issued	7,038	7,694	7,569	7,369	7,566	7,811	7,557	7,264	7,295	7,518
Accounts payable checks issued	7,093	6,374	5,729	5,281	5,296	5,500	5,153	5,445	5,380	5,234
Purchase orders issued	707	506	538	453	440	461	465	474	811	887
Community Development Block Grant (CDBG):										
Seniors Served by Information and Referral Program	N/A	N/A	N/A	N/A	218	216	168	125	203	69
Seniors Served by Case Management Program	N/A	N/A	N/A	N/A	64	64	33	49	88	80
Seniors Served by Nutrition Program	N/A	N/A	N/A	N/A	127	132	307	115	239	341
Persons Served by Literacy Program	N/A	N/A	N/A	N/A	19	16	20	14	10	21
Persons Served by Job Training	14	12	-	-	5	3	14	12	13	11
Houses rehabilitated	6	4	3	2	1	-	-	-	-	1
Housing:										
Transitional House-Number of people served	14	17	17	22	11	14	13	21	27	15
Covenants-Monitoring affordable units	460	460	460	460	460	460	449	460	460	460
Public Safety										
Police:										
Physical arrests	2,322	2,987	2,038	676	3,005	2,746	2,406	2,534	2,204	2,499
Parking violations	10,831	9,367	8,380	10,062	3,035	8,955	12,678	15,301	18,167	14,016
Traffic violations	4,475	3,314	1,711	5,426	12,063	1,598	1,355	1,540	2,068	1,895
Fire:										
Number of calls answered	4,283	4,643	4,751	4,681	4,641	10,679	11,083	14,218	8,961	14,411
Inspections	2,279	2,279	1,389	2,583	1,472	2,843	2,383	1,964	2,415	1,756
Culture and Recreation										
Parks and Recreation:										
Leaders-in-Training participants	54	75	57	66	51	36	12	18	28	28
Youth sports participants	1,945	1,312	916	1,199	1,130	934	746	619	1,224	814
Leisure lifestyle classes participants	6,694	5,920	6,457	5,041	4,520	4,028	2,593	1,500	2,461	1,637
Cultural excursion program participants	489	580	565	595	406	468	326	150	397	420
Summer evening event attendees	25,000	25,000	25,000	16,975	17,170	10,100	9,200	1,500	3,827	6,275
Senior service participants (fee based)			3,202	2,296	1,036	1,248	939	364	727	357
Senior nutrition program meals served	16,565	18,336	14,641	12,798	11,642	11,628	19,088	33,758	31,248	42,627
Special events attendees	53,000	53,000	50,000	50,000	50,000	45,000	40,000	5,000	25,000	19,189
Special event participants									654	288
Aquatic participants	10,716	8,750	6,446	8,134	6,011	5,850	3,884	2,800	2,107	1,189
Day Camp Participants			745	842	682	580	402	2,800	375	415
Library:										
Circulation										
Books/Audiobooks/CD'S	127,254	111,236	102,019	100,913	99,434	97,548	67,451	10,564	46,050	54,321
DVD's	9,065	7,500	5,806	4,987	4,141	3,314	1,928	53	704	813
Toys			978	2,588	3,436	4,241	2,784	-	-	-
E-books					1,381	3,201	4,466	5,880	4,051	4,444
Total Circulation	136,319	118,736	108,803	108,488	108,392	108,303	76,629	16,587	50,805	59,578
Gate Count	222,129	206,514	194,182	189,432	189,021	187,098	120,381	1,273	50,750	48,992
Computer Services										
Number of hours	14,976	13,860	10,782	10,374	12,825	12,891	6,298	45	900	1,890
Number of users	20,772	18,751	13,946	13,190	19,848	19,581	10,323	83	1,620	2,916
Library Cards										
City Residents - Newly Issued	2,197	1,760	1,520	1,427	1,413	1,364	963	153	666	1,048
Non-City Residents - Newly Issued	2,713	2,118	1,679	1,594	1,257	1,198	865	106	788	954
Total Number of Current Library Cards	25,031	28,909	32,108	35,129	37,927	40,087	32,824	33,083	34,434	36,436
Library materials added										
Books	4,903	3,439	2,580	2,866	2,475	1,827	1,600	1,736	1,605	1,659
CDs	86	298	222	196	131	198	156	191	117	-
Audiobooks	159	128	88	83	129	87	54	70	22	-
DVD's	221	181	150	215	155	212	154	145	179	76
Toys			119	99	97	67	27	-	-	-
Total Materials Added	5,369	4,046	3,159	3,459	2,987	2,391	1,991	2,142	1,923	1,697
Library Programs/Services										
Storytime participants	2,060	1,397	1,756	1,649	1,542	1,662	1,317	592	390	805
Adult/Young Adult program participants	895	423	464	470	536	902	869	370	703	1,225
Children's program participants	3,222	3,014	4,264	5,351	7,343	7,264	5,171	1,034	1,085	1,398
Summer Reading Program participants	702	620	705	799	848	1,076	350	319	385	386
Joint Summer Reading program participants	1,079	1,079	811	1,153	1,468	1,818	1,806	-	-	-
Accelerated Reader (AR) Testing Program Participants						1,861	2,665	-	-	84
In-N-Out Cover-to-Cover Reading Program	181	202	240	252	274	244	366	-	252	269
Outreach (Class Visits on and off-site, number of participants)					546	1,227	591	50	-	400
Homework Help Tutors	21*	12*	11	15	10	-	-	-	-	-
Homework Help Participants	1,120	738	997	529	418	-	-	-	-	-
Library volunteer hours ⁽¹⁾	11,766	13,535	14,251	13,754	8,693	5,877	2,224	103	40	121

**CITY OF COVINA, CALIFORNIA
OPERATING INDICATORS BY FUNCTION (CONTINUED) ⁽¹⁾
LAST TEN FISCAL YEARS**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Literacy										
Number of tutors	29	27	23	23	22	20	16	1	1	2
Number of adults served	101	97	79	79	92	83	81	22	27	27
Number of children served	52	37	31	39	43	44	31	-	-	-
Reference Questions										
Adult/Circulation	20,907	20,436	21,418	22,561	20,281	20,778	15,607	1,200	12,500	17,562
Childrens	8,862	6,918	6,650	5,738	7,839	8,312	6,090	-	-	-
Total Reference Questions	29,769	27,354	28,068	28,299	28,120	29,090	21,697	1,200	12,500	17,562
Planning										
Planning reviews	281	610	1,733	1,820	1,911	283	156	388	633	741
Permits issued	2,204	2,253	1,344	1,411	1,482	71	-	147	633	741
Inspections	471	531	192	230	242	-	-	-	633	741
Building										
Building reviews	450	503	1,362	561	792	820	842	1,040	254	284
Permits issued	1,599	1,658	3,494	1,514	894	3,927	3,290	4,598	4,852	335
Inspections	6,078	6,029	4,464	3,038	5,137	4,265	4,506	3,646	5,812	6,102
Transit										
Average daily parking customers (station & structure paid)	821	845	747	(2)	(2)	666	40	276	376	587
Average monthly parking customers (structure paid)				1,296	688	608	433	326	261	203
Dial-A-Cab participants (monthly average)	1,920	1,918	1,158	1,454	1,584	1,722	1,468	933	1,010	890
Subsidized bus passes (monthly average)	53	53	28	52	48	50	30	11	11	13
Code Enforcement										
Total Inspections	4,601	4,434	1,840	1,902	2,956	834	2,113	1,467	1,951	1,890
Signs removed from public right of way	1,053	1,083	522	233	153	294	278	113	71	42
Industrial Waste Inspections	724	413	1	2	220	176	138	375	343	139
Water Utility										
Average daily consumption (gallons)	5,125,309	4,450,897	3,944,447	4,398,752	5,000,000	5,760,000	3,600,000	3,168,176	4,666,365	4,007,146
Meter reads	106,430	103,851	103,490	(2)	2,291	(2)	2,061	4,252	2,532	2,419
Meter replacements	74	6	88	(2)	32	77	28	37	59	31
Consumer responses	4,765	12,703	5,805	(2)	350	590	727	208	276	291
Service line repairs	111	62	48	(2)	59	43	33	108	50	38
Main line repairs	38	34	45	(2)	49	70	69	49	82	40
Street Maintenance										
Traffic sign remove/replace/install	234	92	185	153	118	102	201	185	185	57
Potholes repaired	2,738	4,058	3,629	4,645	3,802	5,390	6,379	3,981	2,792	5,736
Curb painted (lf)	10,117	15,436	17,860	37,370	16,960	75,262	26,788	21,239	4,257	15,918
Utility cuts repaired	15	-	(2)	(2)	20	73	87	76	155	21
Trees trimmed	474	799	2,163	231	255	129	158	84	185	284
Equipment Maintenance										
Preventative maintenance service	475	492	367	325	284	291	302	288	241	254
Safety inspections	516	563	425	371	320	319	327	332	261	281
New Tires	127	122	82	117	98	121	115	102	102	101
Tire repairs	282	315	177	183	164	167	122	177	185	191
Work orders completed	1,043	1,345	829	681	631	646	657	771	696	684
Environmental Protection										
Refuse collected (tons/month)	2,222	2,334	2,363	2,482	2,450	2,416	1,825	2,991	2,809	3,016
Recyclables collected (tons/month)	188	188	192	185	162	162	200	351	431	487
Green waste collected (tons/month)	483	469	463	462	457	469	366	929	905	509
Compressed natural gas sold (gallon equivalents)	59,351	28,080	33,845	30,999	30,182	29,045	14,427	13,691.04	25,989.00	25,130.00

⁽¹⁾ Information provided by various departments

⁽²⁾ Information not available.

⁽³⁾ Combination of Homework Help volunteer hours and Total volunteer hours.

* Revised

**CITY OF COVINA, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION ⁽¹⁾
LAST TEN FISCAL YEARS**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Government										
Finance:										
Payroll checks issued	7,038	7,694	7,569	7,369	7,566	7,811	7,557	7,264	7,295	7,518
Accounts payable checks issued	7,093	6,374	5,729	5,281	5,296	5,500	5,153	5,445	5,380	5,234
Purchase orders issued	707	506	538	453	440	461	465	474	811	887
Community Development Block Grant (CDBG):										
Seniors Served by Information and Referral Program	N/A	N/A	N/A	N/A	218	216	168	125	203	69
Seniors Served by Case Management Program	N/A	N/A	N/A	N/A	64	64	33	49	88	80
Seniors Served by Nutrition Program	N/A	N/A	N/A	N/A	127	132	307	115	239	341
Persons Served by Literacy Program	N/A	N/A	N/A	N/A	19	16	20	14	10	21
Persons Served by Job Training	14	12	-	-	5	3	14	12	13	11
Houses rehabilitated	6	4	3	2	1	-	-	-	-	1
Housing:										
Transitional House-Number of people served	14	17	17	22	11	14	13	21	27	15
Covenants-Monitoring affordable units	460	460	460	460	460	460	449	460	460	460
Public Safety										
Police:										
Physical arrests	2,322	2,987	2,038	676	3,005	2,746	2,406	2,534	2,204	2,499
Parking violations	10,831	9,367	8,380	10,062	3,035	8,955	12,678	15,301	18,167	14,016
Traffic violations	4,475	3,314	1,711	5,426	12,063	1,598	1,355	1,540	2,068	1,895
Fire:										
Number of calls answered	4,283	4,643	4,751	4,681	4,641	10,679	11,083	14,218	8,961	14,411
Inspections	2,279	2,279	1,389	2,583	1,472	2,843	2,383	1,964	2,415	1,756
Culture and Recreation										
Parks and Recreation:										
Leaders-in-Training participants	54	75	57	66	51	36	12	18	28	28
Youth sports participants	1,945	1,312	916	1,199	1,130	934	746	619	1,224	814
Leisure lifestyle classes participants	6,694	5,920	6,457	5,041	4,520	4,028	2,593	1,500	2,461	1,637
Cultural excursion program participants	489	580	565	595	406	468	326	150	397	420
Summer evening event attendees	25,000	25,000	25,000	16,975	17,170	10,100	9,200	1,500	3,827	6,275
Senior service participants (fee based)			3,202	2,296	1,036	1,248	939	364	727	357
Senior nutrition program meals served	16,565	18,336	14,641	12,798	11,642	11,628	19,088	33,758	31,248	42,627
Special events attendees	53,000	53,000	50,000	50,000	50,000	45,000	40,000	5,000	25,000	19,189
Special event participants									654	288
Aquatic participants	10,716	8,750	6,446	8,134	6,011	5,850	3,884	2,800	2,107	1,189
Day Camp Participants			745	842	682	580	402	2,800	375	415
Library:										
Circulation										
Books/Audiobooks/CD'S	127,254	111,236	102,019	100,913	99,434	97,548	67,451	10,564	46,050	54,321
DVD's	9,065	7,500	5,806	4,987	4,141	3,314	1,928	53	704	813
Toys			978	2,588	3,436	4,241	2,784	-	-	-
E-books					1,381	3,201	4,466	5,880	4,051	4,444
Total Circulation	136,319	118,736	108,803	108,488	108,392	108,303	76,629	16,587	50,805	59,578
Gate Count	222,129	206,514	194,182	189,432	189,021	187,098	120,381	1,273	50,750	48,992
Computer Services										
Number of hours	14,976	13,860	10,782	10,374	12,825	12,891	6,298	45	900	1,890
Number of users	20,772	18,751	13,946	13,190	19,848	19,581	10,323	83	1,620	2,916
Library Cards										
City Residents - Newly Issued	2,197	1,760	1,520	1,427	1,413	1,364	963	153	666	1,048
Non-City Residents - Newly Issued	2,713	2,118	1,679	1,594	1,257	1,198	865	106	788	954
Total Number of Current Library Cards	25,031	28,909	32,108	35,129	37,927	40,087	32,824	33,083	34,434	36,436
Library materials added										
Books	4,903	3,439	2,580	2,866	2,475	1,827	1,600	1,736	1,605	1,659
CDs	86	298	222	196	131	198	156	191	117	-
Audiobooks	159	128	88	83	129	87	54	70	22	-
DVD's	221	181	150	215	155	212	154	145	179	76
Toys			119	99	97	67	27	-	-	-
Total Materials Added	5,369	4,046	3,159	3,459	2,987	2,391	1,991	2,142	1,923	1,697
Library Programs/Services										
Storytime participants	2,060	1,397	1,756	1,649	1,542	1,662	1,317	592	390	805
Adult/Young Adult program participants	895	423	464	470	536	902	869	370	703	1,225
Children's program participants	3,222	3,014	4,264	5,351	7,343	7,264	5,171	1,034	1,085	1,398
Summer Reading Program participants	702	620	705	799	848	1,076	350	319	385	386
Joint Summer Reading program participants	1,079	1,079	811	1,153	1,468	1,818	1,806	-	-	-
Accelerated Reader (AR) Testing Program Participants						1,861	2,665	-	-	84
In-N-Out Cover-to-Cover Reading Program	181	202	240	252	274	244	366	-	252	269
Outreach (Class Visits on and off-site, number of participants)					546	1,227	591	50	-	400
Homework Help Tutors	21*	12*	11	15	10	-	-	-	-	-
Homework Help Participants	1,120	738	997	529	418	-	-	-	-	-
Library volunteer hours ⁽³⁾	11,766	13,535	14,251	13,754	8,693	5,877	2,224	103	40	121

**CITY OF COVINA, CALIFORNIA
CONTINUING DISCLOSURE
WATER SYSTEM**

Summary of Operations										
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Water Purchased (in acre-feet)										
Covina Irrigating Company (CIC)	4,686.30	4,429.00	4,166.26	4,756.72	5,068.03	5,035.22	5,106.32	5,347.83	5,209.95	4,395.59
Three Valley Muni Water Dist(MWD)	1,427.10	931.00	467.20	198.00	62.70	-	-	151.00	23.50	92.80
Total Purchased	6,113.40	5,360.00	4,633.46	4,954.72	5,130.73	5,035.22	5,106.32	5,498.83	5,233.45	5,233.45
Potable Water Sold (in acre-feet)	5,738.46	4,986.00	4,418.34	4,508.53	4,909.82	4,720.74	4,620.64	4,825.99	4,647.69	4,003.99
Change from previous year	5.90%	-13.11%	-11.39%	2.04%	8.90%	-3.85%	-2.12%	4.44%	-3.69%	-13.85%
Population	48,619	49,002	48,984	49,011	49,006	48,876	48,846	48,833	50,449	50,350
Cost of CIC Water \$/a-f	\$ 475.00	\$ 475.00	\$ 495.00	\$ 495.00	\$ 530.00	\$ 530.00	\$ 495.00	\$ 520.00	\$ 474.19	\$ 476.00
Cost of MWD Water \$/a-f	875.00	879.41	906.76	981.67	987.00	987.00	987.00	1,098.00	1,119.10	1,104.02

Number of Water Accounts⁽¹⁾	8,635	8,550	8,638	8,642	8,656	8,701	8,506	8,524	8,821	9,044
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Water System Fund Revenues and Expenses ⁽²⁾										
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Operating Revenue										
Charges for Services	13,337,157	10,896,780	10,436,434	11,011,015	11,138,975	9,586,220	10,673,985	11,681,271	11,823,907	11,401,122
Operating Expenses										
Source & supply	3,944,941	3,146,588	2,707,841	2,849,099	3,190,768	3,116,482	3,067,435	3,561,787	3,202,530	3,376,108
Production & storage	497,422	556,304	911,509	1,072,317	2,224,760	928,941	1,093,228	1,155,010	1,222,831	1,380,661
Transmission & distribution	1,394,900	1,732,307	613,017	1,604,822	1,790,159	1,096,437	1,535,521	1,046,562	1,613,450	1,374,982
Customer acct & collections	1,082,024	1,061,295	1,363,414	1,474,373	1,347,476	1,304,399	906,296	603,793	548,231	433,053
Administrative & general	904,636	638,819	798,833	238,355	(68,719)	1,872,999	1,539,142	2,407,823	1,748,816	2,426,168
Depreciation	867,235	957,051	953,511	964,403	1,006,332	1,131,906	1,276,414	1,443,409	1,504,189	1,579,745
Total Operating Expenses	8,691,158	8,092,364	7,348,125	8,203,369	9,490,776	9,451,164	9,418,036	10,218,384	9,840,047	10,570,717
Net Revenues	4,645,999	2,804,416	3,088,309	2,807,646	1,648,199	135,056	1,255,949	1,462,887	1,983,860	830,405
2010 Bond Installment Payments	986,413	710,708	990,113	988,713	985,413	986,613	988,713	802,627	1,512,429	1,472,701
2020 BBVA Installment Payments								699,742	56,842	341,398
Coverage	4.71	3.95	3.12	2.84	1.67	0.14	1.27	0.97	1.26	0.46

Water Rates ⁽¹⁾										
	6/30/2018	6/30/2019	6/30/2020		6/30/2021	6/30/2022	6/30/2023	6/30/2024		
Minimum Charge:				Monthly Service Charge:						
5/8" & 3/4"	\$ 33.24	\$ 33.24	\$ 33.24	5/8" and 3/4"	\$ 36.22	\$ 37.67	\$ 39.18	\$ 40.75		
1"	49.44	49.44	49.44	1"	56.74	59.01	61.38	63.84		
1-1/2"	76.43	76.43	76.43	1-1/2"	103.65	107.80	112.12	116.61		
2"	115.15	115.15	115.15	2"	162.30	168.80	175.56	182.59		
3"	215.92	215.92	215.92	3"	349.95	363.95	378.51	393.66		
4"	359.84	359.84	359.84	4"	622.64	647.55	673.46	700.40		
6"	719.70	719.70	719.70	6"	1,376.19	1,431.24	1,488.49	1,548.03		
8"				Monthly Fire Line Service Charge:						
Charge per hundred cubic feet (hcf):				2"	20.09	20.90	21.74	22.61		
Single Family (0-16 ccf)	2.71	2.71	2.71	3"	45.24	47.05	48.94	50.90		
Single Family (17+ ccf)	3.02	3.02	3.02	4"	88.60	92.15	95.84	99.68		
Multi-Family (0-12 ccf)	2.71	2.71	2.71	6"	244.24	254.01	264.18	274.75		
Multi-Family (13+ ccf)	2.96	2.96	2.96	8"	512.69	533.20	554.53	576.72		
Commercial/Institutional	3.16	3.16	3.16	10"	916.49	953.15	991.28	1030.94		
Industrial/Manufacturing	2.74	2.74	2.74	Consumption Rates:						
Irrigation/Landscaping	3.16	3.16	3.16	Single Family						
City/Miscellaneous	2.75	2.75	2.75	Tier 1 (0-14 ccf)	2.86	2.98	3.10	3.23		
Capital Improvements Projects Fee:				Tier 2 (15+ ccf)	3.36	3.50	3.64	3.79		
5/8" & 3/4"	2.54	2.54	2.54	Multi-Family						
1"	6.36	6.36	6.36	Uniform Rate	2.99	3.11	3.24	3.37		
1-1/2"	12.72	12.72	12.72	Commercial/Institutional	3.01	3.14	3.27	3.41		
2"	32.55	32.55	32.55	Industrial/Manufacturing	3.01	3.14	3.27	3.41		
3"	61.03	61.03	61.03	Irrigation/Landscaping	3.05	3.18	3.31	3.45		
4"	101.71	101.71	101.71	City/Miscellaneous	3.01	3.14	3.27	3.41		
6"	203.43	203.43	203.43	Construction	3.10	3.23	3.36	3.50		
8"										
Private Fire Standby Service:										
4"	21.71	21.71	21.71							
6"	63.09	63.09	63.09							
8"	134.46	134.46	134.46							
10"	241.80	241.80	241.80							

* Information presented is current as of 1/12/23

Largest Water Accounts ⁽¹⁾					
Customer	Type of Business	Consumption (in acre-feet)	% of total consumption	Revenue	% of total water sales
Covina School District	Governmental	83.59	2.09%	\$183,962.03	1.67%
Inter-Comm Health SVC	Commercial	67.24	1.68%	\$143,920.68	1.30%
Covina 023-Woods 206 LP	Multiple Family	59.65	1.49%	\$145,837.92	1.32%
Charter Oak Unified School Dist	Governmental	46.45	1.16%	\$76,919.62	0.70%
Lvgem Hotel Corporation	Commercial	30.64	0.77%	\$51,690.40	0.47%
Spruell, Rosario O.	Multiple Family	22.21	0.55%	\$44,213.24	0.40%
Gref GG Eastland Center L.P.	Commercial	18.99	0.47%	\$42,181.47	0.38%
Miracle Mile Properties LP	Multiple Family	18.61	0.46%	\$37,123.58	0.34%
Covina Pines HOA	Multiple Family	18.52	0.46%	\$40,342.65	0.37%
Mobilairre Estates	Multiple Family	16.26	0.41%	\$28,518.82	0.26%
TOTALS		382.16	9.54%	\$ 794,710	7.20%
GRAND TOTAL CONSUMPTION		4,003.99		GRAND TOTAL SALES \$ 11,037,339	

(1) Information obtained from Water information system

(2) Information obtained from Covina Comprehensive Annual Financial Report

**CITY OF COVINA, CALIFORNIA
CONTINUING DISCLOSURE
WASTEWATER SYSTEM**

	Sewer Fund Revenues and Expenses									
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
<u>Operating Revenue</u>										
Special Assessments	2,213,642	2,596,318	2,683,503	2,760,749	2,833,092	2,923,535	2,905,488	3,093,941	3,277,343	2,894,697
<u>Operating Expenses</u>										
General & Administrative	784,732	919,254	785,109	661,138	1,013,663	1,721,983	2,367,418	1,848,785	1,529,927	1,731,926
Depreciation	110,795	167,735	167,735	167,735	167,735	168,680	179,627	225,865	288,962	356,327
Total Operating Expenses	895,527	1,086,989	952,844	828,873	1,181,398	1,890,663	2,547,045	2,074,650	1,818,889	2,088,253
Net Revenues	1,318,115	1,509,329	1,730,659	1,931,876	1,651,694	1,032,872	358,443	1,019,291	1,458,454	806,444
2009 Bond Installment Payments	1,296,056	1,298,981	1,294,781	1,293,363	1,294,469	1,292,900	266,966			
2019 Ref Bond Installment Payments							1,025,239	1,027,631	1,026,054	1,023,768
2021 Pension Obligation Bonds									18,968	113,921
Coverage	1.02	1.16	1.34	1.49	1.28	0.80	0.28	0.99	1.40	0.71
	Sewer Rates ⁽¹⁾									
	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023		
	10.57	10.88	11.21	11.45	11.45	11.45	11.45	11.45		

⁽¹⁾ Monthly Rates



CITY OF COVINA, CALIFORNIA
AGREED-UPON PROCEDURES
APPROPRIATIONS LIMIT WORKSHEET NO. 6
YEAR ENDED JUNE 30, 2023



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ATTACHMENT B



**INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEET NO. 6**

Honorable Mayor and
Members of the City Council
of the City of Covina
Covina, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Worksheet No. 6 of the City of Covina, California, (the "City") for the year ended June 30, 2023. The City's management is responsible for the Appropriations Limit Worksheet No. 6.

The City and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- a. We obtained the completed Appropriations Limit Worksheet No. 6 for the year ended June 30, 2023 and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

No exceptions were noted as a result of our performing this procedure.

- b. For the Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

No exceptions were noted as a result of our performing this procedure.

- c. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

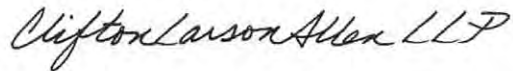
No exceptions were noted as a result of our performing this procedure.

City Council
City of Covina
Covina, California

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City of Covina, California and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Irvine, California
September 11, 2023

**CITY OF COVINA
 APPROPRIATIONS LIMIT WORKSHEET NO. 6
 YEAR ENDED JUNE 30, 2023**

Appropriations Limit for Fiscal Year Ended June 30, 2022 (see Note 2) \$ 116,156,032

Adjustments Factors for the Fiscal Year Ended June 30, 2023 (see Note 2):

	Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
	1.0755000	0.9929000	1.06790000	x 0.06790000
Adjustment for Inflation and Population				7,886,995
Other Adjustments (Note 5)				-
Total Adjustments				7,886,995
Appropriations Limit for Fiscal Year Ended June 30, 2023				\$ 124,043,027

See accompanying Notes to Appropriations Limit Worksheet No. 6.
 (3)

CITY OF COVINA
NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6
JUNE 30, 2023

NOTE 1 PURPOSE OF AGREED UPON PROCEDURES

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to agreed-upon procedures in connection with the annual audit.

NOTE 2 METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

NOTE 3 INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the percentage change in California per capita personal income from the preceding year (which is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Covina (the "City") for fiscal year 2022-2023 represents the percentage change in California per capita personal income from the preceding year.

NOTE 4 POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2022-2023 represents the annual percentage change in the population in the County where the City is located.

NOTE 5 OTHER ADJUSTMENTS

A California governmental agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another governmental agency or private entity. The City had no such adjustments for the year ended June 30, 2023.

NOTE 1 PURPOSE OF VOTED UPON PROCEDURES

Under Article XIII B of the California Constitution (the Growth Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes levied for years beginning on or after July 1, 1990, under Section 1 of Article XIII B, the annual calculation of the appropriations that is subject to agreed-upon procedures is calculated in accordance with the annual audit.

NOTE 2 METHOD OF CALCULATION

Under Section 135 of Article XIII B, for fiscal years beginning on or after July 1, 1993, the appropriations that is subject to be calculated based on the limit for the fiscal year 1989-90, adjusted for the inflation and population factors discussed in notes 3 and 4 below.

NOTE 3 INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the percentage change in California per capita personal income from the preceding year (which is reported by the State Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Covina (the "C") for fiscal year 2022-2023 represents the percentage change in California per capita personal income from the preceding year.

NOTE 4 POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the population of the jurisdiction or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2022-2023 represents the annual percentage change in the population in the County where the City is located.

NOTE 5 OTHER ADJUSTMENTS

A California governmental agency may be required to adjust its appropriations limit when certain events occur such as the transfer of responsibility for municipal services to or from another governmental agency or division entity. The City had no such adjustments for the year ended June 30, 2023.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

CITY OF COVINA, CALIFORNIA
SINGLE AUDIT OF FEDERALLY ASSISTED
GRANT PROGRAMS

JUNE 30, 2023



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ATTACHMENT C

**CITY OF COVINA
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JUNE 30, 2023**

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**INDEPENDENT AUDITORS' 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**

Honorable Mayor and
Members of the City Council
of the City of Covina
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 Covina (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated January 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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.

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

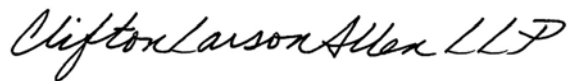
Honorable Mayor and
Members of the City Council
of the City of Covina

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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
January 17, 2024



**INDEPENDENT AUDITORS' 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 THE UNIFORM GUIDANCE**

Honorable Mayor and
Members of the City Council
of the City of Covina
Covina, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Covina's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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 (GAAS); 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 *Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City 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 compliance with the City's compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the 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.

Honorable Mayor and
Members of the City Council
of the City of Covina

Auditors' 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 the 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 GAAS, *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 the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the 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 the 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 the 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 a 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.

Honorable Mayor and
Members of the City Council
of the City of Covina

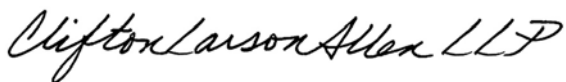
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant 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 in internal control over compliance 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, the business-type activities, each major fund, and the aggregate remaining fund information of the 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. We have issued our report thereon, dated January 17, 2024 which contained unmodified opinions on those financial statements. Our audit was conducted 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 basic 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.



CliftonLarsonAllen LLP

Irvine, California
January 17, 2024

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CITY OF COVINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2023

Federal Grantor / Pass - Through Grantor / Program / Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Housing and Urban Development</u>				
Passed through Los Angeles County:				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	601875-22	\$ 44,999	\$ 44,999
Community Development Block Grant	14.218	D96153-22	14,319	-
Community Development Block Grant	14.218	601181-22	10,000	-
Community Development Block Grant	14.218	601198-22	10,000	10,000
Community Development Block Grant	14.218	601194-22	10,000	10,000
	14.218	D96164-22	28,180	-
	14.218	602371-21	<u>100,000</u>	<u>-</u>
Subtotal Community Development Block Grant - Entitlement Grants Cluster:			217,498	64,999
Passed through Los Angeles County:				
Section 108 Loan	14.218	None	<u>185,597</u>	<u>-</u>
Total United States Department of Housing and Urban Development			<u>403,095</u>	<u>64,999</u>
<u>United States Department of Justice</u>				
Direct Assistance:				
Bulletproof Vest Partnership Program	16.607	N/A	5,344	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>544</u>	<u>-</u>
Total United States Department of Justice			<u>5,888</u>	<u>-</u>
<u>United States Department of Treasury</u>				
Passed through the State of California:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	None	<u>3,449,428</u>	<u>-</u>
Passed through State Water Resources Control Board:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	CA1910127-01	<u>1,154</u>	<u>-</u>
Total United States Department of Treasury			<u>3,450,582</u>	<u>-</u>
<u>Institute of Museum and Library Services</u>				
Passed through the California State Library:				
Grants to States	45.310	59-0300-0-1-503	<u>52,046</u>	<u>-</u>
Total Institute of Museum and Library Services			<u>52,046</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,911,611</u>	<u>\$ 64,999</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF COVINA
NOTES TO 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) include the federal award activities of the City of Covina, California (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 the Schedule of Expenditures of Federal Awards (SEFA) 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 present only a selected portion of the operations of the City, they are not intended to, and do 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. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in the Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. The information in the SEFA is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass-through entity identifying numbers are identified where available.

3. INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. CONTINGENCIES

Under the terms of federal grants, additional audits may be requested by the grantor agencies and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

**CITY OF COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

21.027

Name of Federal Program or Cluster

COVID-19 Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

**CITY OF COVINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF COVINA
SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS
YEAR ENDED JUNE 30, 2023**

Section I – Financial Statement Findings

Finding 2022-001 – Internal Control over Financial Reporting

Condition: During our audit a material audit adjustment was required to adjust unearned revenue by reclassifying revenue to unearned for the Other Grants Special Revenue Fund and the ARPA Special Revenue Fund.

Status: Corrected.

Section II – Findings and Questioned Costs – Major Federal Programs

There were no findings and questioned costs related to major federal programs in the prior year.



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The Honorable City Council
City of Covina
Covina, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Covina as of and for the year ended June 30, 2023, and have issued our report thereon dated January 17, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit in our engagement agreement dated June 19, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Covina are described in Note 1 to the financial statements.

As described in Note 1, the entity changed accounting policies by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 96, *Subscription-based Information Technology Arrangements (SBITAs)*, effective June 15, 2022. Accordingly, the accounting change has been applied to the beginning of the period of adoption.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.
- The OPEB actuarially determined contribution, OPEB expense, total OPEB liability, and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plan are based on certain actuarial assumptions and methods prepared by an outside consultant.

- The claims payable for worker's compensation and general liabilities are based on estimates by an actuary.

We evaluated the key factors and assumptions used to develop the above estimates in determining they are reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the retirement commitments reported in Note 10 to the financial statements
- The disclosure of the risk management reported in Note 12 to the financial statements
- The disclosure of the OPEB commitments reported in Note 16 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

A material misstatement related to unearned revenue was detected as a result of audit procedures and were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Circumstances that affect the form and content of the auditors' report

As previously communicated to you, the report was modified to include a change of accounting principle related to the City's adoption of GASB 96, *Subscription-based Information Technology Arrangements*.

Management representations

We have requested certain representations from management that are included in the management representation letter dated January 17, 2024.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated January 17, 2024, communicating internal control related matters identified during the audit.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements.

We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 17, 2024.

With respect to the combining fund financial statements, and the individual budgetary schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated January 17, 2024.

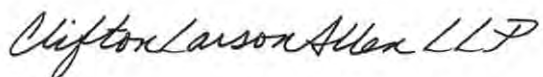
Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

This communication is intended solely for the information and use of the City Council and management of the City of Covina and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Irvine, California
January 17, 2024



CC Regular Meeting AGENDA ITEM REPORT

Meeting: February 6, 2024
Title: Resolution CC 2024-04 – A Resolution of the City Council of the City of Covina, California, Setting Fees Relating to Sidewalk Vendors, Food Trucks, and Sidewalk Vending Permits
Presented by: Brian K. Lee, AICP, Director of Community Development
Recommendation: Adopt Resolution CC 2024-04.

EXECUTIVE SUMMARY:

In January 1, 2019, SB 946, the California Safe Sidewalk Vending Act, became effective. SB 946 established requirements for local regulation of sidewalk vendors and food truck operators, in that California cities could create regulations and a licensing and permitting procedures that would impose operational requirements for sidewalk vendors and food truck operators for the purposes of protecting the public health, safety and welfare. Furthermore, SB 946 authorizes California cities to establish fees and administrative fines pursuant to the implementation of SB 946.

DISCUSSION:

The California Government Code allows cities to establish fees and fines for the implementation and ongoing administration of activities within a city’s boundaries to cover a city’s administrative costs. Resolution CC 2024-04 establishes permit fees, administrative fines, and equipment recovery fees in regard to sidewalk vending and food truck operations within the City of Covina as follows:

	Fee or Fine	Amount	Notation
1.	Application Fee per each Sidewalk Vendor or Food Truck Operator Permit.	\$400.00	Application Permit Fee of \$400 per vending cart or food truck shall be required for an application for a Sidewalk Vending/Food Truck Permit
2.	Employee Application Permit Fee.	\$100.00	An Employee Application Permit Fee of \$100 per employee shall be required of all person(s) who will be employed by the applicant for a Sidewalk Vending/Food Truck Operator Permit who will work as a stationary or roaming sidewalk vendor or Food Truck employee.
3.	Sidewalk Vending/Food Truck Operator Permit Change of Information Fee	\$100.00	A Sidewalk Vending/Food Truck Operator Permit Change of Information Fee of \$100 shall be imposed when any applicant who has been issued a Sidewalk Vender/Food Truck Operator Permit changes any information as provided in the application or CMC Chapter 5.90.
4.	Administrative Fines:		
a.	First Violation:	\$100.00	
b.	Second Violation within one year of the first violation;	\$200.00	
c.	Each Additional Violation within one year of the first violation:	\$500.00	
5.	Recovery Fee:	\$300.00	Recovery fee required to be paid by all person(s) who recover equipment, items, paraphernalia or similar items that have been removed by City personnel from obstructing the public right of way.

FISCAL IMPACT:

There is no fiscal impact at this time.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The proposed action of adopting a resolution approving fees and fines are a Statutory Exemption pursuant to Section 15273(a) of the State of California Environmental Quality Act (“CEQA”) Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly, and the adoption of a fee and fine schedule is to recover operating costs incurred by the City to administer the Street Vendor and Food Truck Operator ordinance provisions.

Respectfully submitted,



Brian K. Lee
Director of Community Development

RESOLUTION CC 2024-04

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA,
CALIFORNIA, SETTING FEES RELATING TO SIDEWALK VENDORS,
FOOD TRUCKS AND SIDEWALK VENDING PERMITS**

WHEREAS, Senate Bill 946, the California Safe Sidewalk Vending Act (“SB 946”), became effective on January 1, 2019; and

WHEREAS, SB 946 establishes requirements for local regulation of sidewalk vendors and food truck operators; and

WHEREAS, the City seeks to implement sidewalk vending regulations to provide a licensing and permitting process and impose operational requirements for sidewalk vendors and food trucks operators in the City to comply with SB 946 and protect the health, safety, and welfare of the community; and

WHEREAS, California Government Code Sections 51039(a)(1) and 51039(a)(3)(A) authorize a city that has adopted an ordinance to regulate sidewalk vendors and food trucks in compliance with SB 946 to establish specified fees and administrative fines for violation of that ordinance; and

WHEREAS, on June 6, 2023, the City Council introduced Ordinance 23-05, amending Covina Municipal Code (“CMC”) Chapter 5.90 relating to regulation of sidewalk vendors and food truck operators in compliance with SB 946; and

WHEREAS, on December 19, 2023, the City Council introduced Ordinance 23-14, amending Covina Municipal Code (“CMC”) Chapter 5.90 relating to regulation of sidewalk vendors and food truck operators in compliance with SB 946.

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

SECTION 1. As provided in California Government Code Sections 51039(a)(1), the following schedule of administrative fines is adopted for a violation of Chapter 5.54 by a sidewalk vendor and/or food truck operator who has a current and valid Sidewalk Vending/Food Truck Permit issued by the City: a. An administrative fine not exceeding \$100 for a first violation; b. An administrative fine not exceeding \$200 for a second violation within one year of the first violation; and c. An administrative fine not exceeding \$500 for each additional violation within one year of the first violation.

SECTION 2. An Application Permit Fee of \$400 per vending cart or food truck shall be required for an application for a Sidewalk Vending/Food Truck Permit.

SECTION 3. An Employee Application Permit Fee of \$100 per employee shall be required of all person(s) who will be employed by the applicant for a Sidewalk Vending/Food Truck

ATTACHMENT A

Operator Permit who will work as a stationary or roaming sidewalk vendor or Food Truck employee.

SECTION 4. A Sidewalk Vending/Food Truck Operator Permit Change of Information Fee of \$100 shall be imposed when any applicant who has been issued a Sidewalk Vender/Food Truck Operator Permit changes any information as provided in the application or Chapter 5.90.

SECTION 5. A Recovery Fee of \$300 shall be required paid by all person(s) who recover equipment, items, paraphernalia or similar items that have been removed by City personnel from obstructing the public Right-of-Way prior to their recovery by the owner of the equipment.

SECTION 6. This Resolution shall be effective immediately upon the effective date of Ordinance 23-14.

APPROVED and PASSED this 6th day of February, 2024.

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution CC 2024-04 was duly adopted by the City Council of the City of Covina at a regular meeting held on the 6th day of February, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: February 6, 2024

Title: Request to Approve Revisions to the Covina Residential Rehabilitation Grant/Loan Program Handbook for participants of the Community Development Block Grant (CDBG) Residential Rehabilitation Program

Presented by: Brian K. Lee, AICP, Director of Community Development

Recommendation: Approve revisions to the Covina Residential Rehabilitation Grant/Loan Program Handbook for participants of the Community Development Block Grant (CDBG) Residential Rehabilitation Program.

BACKGROUND:

The City of Covina is a recipient of the Federal Government's Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds which are targeted to benefit very-low, low, and moderate-income persons to eliminate slum and blight. These funds are received through a partnership with the Los Angeles Community Development Authority (LACDA). As a disbursing agent for these funds, the City administers the Covina Residential Rehabilitation Grant/Loan Program. The Program is designed to assist income qualified, owner-occupied homeowners in maintaining the existing housing stock with necessary home repairs to correct health and safety issues, such as roof replacement, plumbing, and ADA accessibility. This program is not a beautification program and may not be used to upgrade or beautify homes, except as a natural result of any rehabilitation performed.

This Program began in 1990 at which time, the maximum allowable expenditure was \$5,000. In 2009, it was amended to the current grant amount of \$10,000 and loan amount of \$20,000, for a total allowable expenditure of \$30,000. The amount available to mobile home owners increased to a maximum of \$8,000, which is a forgivable grant.

On September 17, 2013, the Covina City Council approved the revisions to the Covina Residential Rehabilitation Grant/Loan Program Handbook ("Program Policy Manual") for participants of the CDBG Residential Rehabilitation Program to address areas in which the prior Program did not specifically address.

DISCUSSION:

To ensure that the homeowners and contractors fulfill and understand the terms and conditions of all Program requirements and are aware of the Program policies, the Program Policy Manual was established. The last update to the Covina Residential Rehabilitation Grant/Loan Program Handbook was approved by the City Council in 2013. Since that time, minor changes and new policies have become necessary to implement in order to continue the successful operation of the program. Additionally, changes are proposed to increase the qualifying limits of applicants in order to keep up with the cost of living.

The highlight of major changes as proposed are as follows:

- Other Grant/Loan Conditions, page 10: Increase total allowable assets (not including home to be rehabilitated) to \$60,000.
- General Provisions & Conditions, page 12: Allows minor amendments to the Program Policy Manual to be made by the City Manager administratively, with the exception of Federal regulations and CDA procedures which shall remain unmodified.
- Pre-Construction Conference, page 29: The Homeowner and the Contractor shall sign an acknowledgement agreement that they understand the terms and conditions of all Program requirements and it was reviewed during the Pre-Construction meeting and a copy of the Covina Residential Rehabilitation Grant/Loan Program Handbook, Section 3 has been provided.
- Refinancing and Subordination of a Covina Residential Rehabilitation Program Loan, page 12: The City of Covina will, on a case-by-case basis review and approve or deny subordination requests from loan recipient. The time to complete and approve a subordination application varies. Typically, it takes between one and two months. To request the City of Covina to subordinate, homeowners/loan recipient must submit in writing the following information to the Special Projects Division:
 1. The reason for the subordination request (Sale, refinance, or cash out).
 2. The name, address, contact person (s) at the cooperating financial institution.
 3. The City will only consider providing a loan subordination without immediate loan repayment if the refinance is solely to obtain a lower rate mortgage with no cash out. The City will not subordinate for reverse mortgages.
- Applicant Income Limits, page 16: The gross income limits for the grant/loan are updated to those of the current fiscal year as well as the income inclusion reference.
- Section 4, City funding requests/reporting procedures, page 42, City Staff are not funded using program administration funds, therefore references to tracking of administrative costs section is removed.
- Section 4, Tracking of the outstanding loans, page 42: At the request of the homeowner no more than once per year, City Staff will prepare a letter notifying them of any interest that has accrued and what their current loan balance is.

The above referenced Program Policy Manual is attached for review and approval in its proposed final form as Attachment A, and the previous version is attached as Attachment B.

FISCAL IMPACT:

This action has no fiscal impact.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Brian K. Lee
Director of Community Development

February, 2024

**COVINA RESIDENTIAL
REHABILITATION
GRANT/LOAN PROGRAM
HANDBOOK
(Funded using Community Development
Block Grant (CDBG) Funds)**

This project has been funded in part by the U.S.
Department of Housing and Urban Development
through the CDBG Program.

(PROGRAM POLICY MANUAL)

Adopted:	09/19/1995
Revision #1:	03/16/1998
Revision #2:	10/16/2001
Revision #3:	02/17/2009
Revision #4:	09/17/2013
Revision #5:	2/6/2024

**City of Covina
Special Projects Division
125 East College Street
Covina, CA 91723
(626) 384-5443**

February, 2024

COVINA RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM POLICIES & PROCEDURES

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SECTION 1

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GENERAL PROVISIONS AND CONDITIONS**

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February, 2024

CITY OF COVINA

RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM

GENERAL PROVISIONS & CONDITIONS

SECTION 1

The CITY of Covina (CITY) is a recipient of the Federal Government's Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds which are targeted to benefit very-low, low, and moderate-income persons to eliminate slum and blight. These funds are received through a partnership with the Los Angeles Community Development Authority (LACDA). As a disbursing agent for these funds, the CITY administers a grant/loan program designed to assist eligible Homeowners in maintaining the existing housing stock of the incorporated areas of the CITY through home rehabilitation. This program consists of the Covina Residential Rehabilitation Grant/Loan Program for Very Low-, Low- and Moderate-Income Residents (Rehab Program) as defined in CDBG Bulletin Annual Income Guidelines (as revised each year).

The Rehab Program is in compliance with CDBG regulations. All activities of this program are in accordance with criteria and standards set forth in Federal regulations governing CDBG Programs, 24 CFR Part 570, as amended.

The Rehab Program provides grant/loan funds of up to a maximum of \$30,000 to owner-occupied single family detached homes and grant funds of up to \$8,000 for owner-occupied mobile homes who fall within the category of very-low, low, and moderate income, as defined by the Department of Housing and Urban Development (HUD) as equal to or less than 80% of median income for the County of Los Angeles, as amended each year.

The grant/loan program is to be used to correct health and safety issues and aid in the preservation of decent, safe and sanitary housing within the CITY limits of the CITY of Covina. This program is not a beautification program and may not be used to upgrade or beautify homes, except as a natural result of any rehabilitation performed.

The loan program is administered by CITY personnel. As such, the CITY is responsible for marketing the program, processing and packaging rehabilitation grants/loans, performing on-site inspections, and acting as a quality control agent. The Homeowner is obligated to fulfill the terms and conditions of its contract with CITY, established CITY policies and procedures as outlined in this handbook, and comply with local codes and regulations (Covina Municipal Code).

This handbook has been written as an aid to the Homeowner and Contractor in fulfilling the terms and conditions of all requirements. Under no circumstances does this handbook supersede the responsibilities outlined in the actual Homeowner contracts or any Agreement.

This program was begun by the Covina Redevelopment Agency in 1990 at which time, the

February, 2024

maximum allowable expenditure was \$5,000. This was amended in 1995 to include a \$4,000 grant with an additional \$3,000 loan available. This was amended in 2001 to increase the additional loan amount available to \$6,000, for a total allowable expenditure of \$10,000 per single family home and a maximum of \$3,000 for mobile homes and a maximum interest rate to apply to loans of 3%. This was amended in 2009 which increased the grant to \$10,000 and the additional loan amount available to \$20,000, for a total allowable expenditure of \$30,000. The amount available to mobile home owners increased to a maximum of \$8,000, which is a grant.

General Provisions and Conditions for program are delineated herein.

I. GENERAL PROVISIONS/CONDITIONS FOR GRANT/LOAN PROGRAM

A. Purpose

Covina Residential Rehabilitation Grant/Loan Program shall be used to finance the cost of repairs to correct code violations or incipient violations of CITY's Municipal Code and conditions determined to be detrimental to public health and safety, as well as aid in the preservation of decent, safe and sanitary housing. The type of grant/loan offered through the Rehab Program is:

Deferred Payment Grant/Loan for Single Family Homes (3%)

For mobile home owners, \$8,000 is considered a grant. For single family homes, the first \$10,000 spent is considered a grant, which is written off over 5 years (20% each year), on the anniversary date of the project completion date, dependent upon meeting certain criteria. Any expenditure over \$10,000 and up to a maximum of \$30,000 is a loan which accrues SIMPLE interest of three percent (3%) for 10 years, beginning on the date the project is completed subject to certain criteria.

Grant for Mobile Home Rehabilitation, a grant of up to \$8,000 is available.

Marketing

The CITY shall use any marketing strategies it sees fit as part of the overall marketing strategy to contact all property owners eligible for program.

B. Applicants

Grant/Loans shall be given to eligible very-low, low, and moderate income, residential owner-occupants, who cannot otherwise obtain funding through conventional loans or other sources, to cover the cost of necessary housing rehabilitation. **The entire process, from qualifying for participation in the program to completing rehabilitation will take no longer than six (6) months.**

1. Owner-occupants, or Homeowners, shall be considered to be any person(s) that holds title to the home being rehabilitated and who is/are legally responsible for repayment of the grant/loan. In the case of multiple ownership, the signature of each titleholder is required on all

February, 2024

appropriate documents. Income for all members of the household and/or any person(s) listed on title of the property in question, as defined by Section 61 of the IRS Code of 1954, as amended, governs grant/loan eligibility.

2. Applicants who have participated in the program previously must wait a minimum of ten (10) years prior to applying for assistance again. Applicants who have been participants at any time in the past shall be subject to restrictions on the total amount available as described in **Section I.G.**
3. **Conflict of Interest.** Covina Residential Rehabilitation Grant/Loans will not be granted to any member of the City Council or the governing body of the County of Los Angeles, or to any person who exercises any functions or responsibilities in connection with the administration of the Covina Residential Rehabilitation Grant/Loan Program. Members of the above stated organizations shall have no interest, direct or indirect, in the proceeds from the Covina Residential Rehabilitation Grant/Loan or in any contract entered into by the Homeowner for the performance of the work financed, in whole or in part, with the proceeds of the grant/loan. Further, any Contractor who contracts with a Homeowner agrees that any conflict or potential conflict of interest shall be fully disclosed prior to execution of the contract and shall comply with all applicable federal, state and county laws and regulations governing conflicts of interest, in accordance with 24 CFR Part 84, Sec. 84-42.

C. **Property Eligibility Requirements**

1. Homeowner shall have sufficient equity in the home to secure the grant/loan. Equity will be calculated based on using estimated value of the home as listed on www.zillow.com or any other comparable tool and by subtracting all outstanding amounts due in any lien on the home.
2. For all grants/loans, the home must be owner-occupied, as the **principal residence** of the homeowner/applicant for a minimum of twelve (12) months prior to the date of the grant/loan application. Exceptions to this requirement may be made in hardship cases at the sole discretion of the CITY.
3. The home under consideration for rehabilitation must be residential and consist of either one single family house or single mobile home on one lot. Properties with more than one unit will be considered at the sole discretion of the CITY.
4. Owner shall not have any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest as determined by the CITY. Example: Non-Revocable Trust.

5. Homeowner shall be current in mortgage payments to lender, or be able to show that regular monthly payments are being made.

D. Eligible Activities

The CITY, in its sole discretion, may focus on certain items of improvements and forego other improvements requested by the Homeowner in order to be able to serve a greater number of Homeowners.

1. Improvements that may be financed can be found in **CDBG Bulletin 06-0035** and are:
 - a. Code violations
 - b. Correction of incipient violations
 - c. Cost effective energy conservation measures, excluding solar heating, cooling and water systems
 - a. Removal of lead-based paint or any hazard conditions (*Department of Housing and Urban Development 24 CFR Part 35, 510, 511, 570 and 590, as amended)
 - e. Removal of barriers to the handicapped
 - f. Removal of rodents and roaches (pest control)
 - g. Removal of termites and repair of termite damage
 - h. General property improvements as an integral part of the rehabilitation work;
 - i. Bedroom and bathroom additions to eliminate overcrowding. Room Additions – as funds are limited, room additions will not be considered except in extreme conditions.
2. Type of work:
 - a. Appliances:

Appliances will be considered only if the gas or electrical company determines an existing built-in stove or oven to be inoperable. Replacement requests must be accompanied by written justification and a gas/electrical company work order (code violations).
 - b. Driveways:

Driveways will be considered for grants/loans only if the CITY determines that the present driveway constitutes a detriment to public health and a safety hazard. Driveway requests must be accompanied by written justification and pictures.
 - c. Sandblasting and Stucco Work:

Sandblasting or Stucco work to the exterior will be considered for grants/loans only if the exterior is damaged to the extent that it is more expedient to sandblast or stucco.

- d. Garages:
New construction of garages and carports will only be considered for grants/loans if the present garage or carport constitutes a detriment public health and a safety hazard.

- e. Flooring:
Kitchen and Bathroom. If flooring is required in kitchen and bathroom areas, single sheet linoleum type or composition is recommended. Ceramic or porcelain tile may be used if Homeowner is able to justify the cost of installing such is comparable to installing linoleum- or composition-type flooring.

Other areas of the home. Will be considered if occupant is handicapped and replacement of flooring makes it easier to ambulate within the home.

E. Ineligible Repairs

Ineligible rehabilitation repairs include cosmetic repairs, speculative income producing renovation work, luxury remodeling, and convenience repair work. Materials, fixtures or equipment of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated are ineligible. The following improvements are **not eligible** under the Program:

- 1. Barbecue Pits
- 2. Burglar Alarms
- 3. Flower Boxes or Planters
- 4. Greenhouses
- 5. Animal Kennels
- 6. Indoor/Outdoor Fireplaces or Hearths
- 7. Penthouses
- 8. Photo Murals
- 9. Stands (planters, room dividers, etc.)
- 10. Walls which serve as partial room dividers
- 11. Steam cleaning of exterior surfaces
- 12. Television Antenna
- 13. Tennis Courts
- 14. Tree Surgery
- 15. Drapes, Shades, Blinds
- 16. Exterior Window Awnings
- 17. Yard Sprinkler Systems
- 18. Storage Shed
- 19. Microwave Oven
- 20. Patios (except repairs if attached to home only and permit on file at CITY Building Department approving patio construction)
- 21. Wallpaper
- 22. Landscaping (planting flowers, plants or trees)

- 23. Water Purifier
- 24. Kitchen appliances which are designed and manufactured to be free standing and are not built-in and permanently affixed as an integral part of the kitchen in a residential structure.
- 25. Bathhouse, swimming pools, hot tubs, spas, jacuzzi or accessories for any of these
- 26. New construction except items that will remedy a public health and safety hazard
- 27. Purchase, installation, and repair of furniture
- 28. Any items considered "Luxury"
- 29. Any items considered to be movable

F. Type of Grant/Loans

The only type of Grant/Loan currently available for single family homes is a Deferred Payment Loan. For mobile homes, there is only a Grant program.

Deferred Payment Loans and Mobile Home Grants are available to qualified low-income applicants, whose income does not exceed 80% of County Median Income, as published on the California Department of Housing & Community Development website for "CDBG and HOME" programs.

G. Maximum Grant/Loan Amount

The maximum amount allowed for a Deferred Payment Loan is \$30,000 for a single-family home or \$8,000 for a mobile home. For a single-family home, the first 10,000 is considered to be a grant and the remaining 20,000 is a loan. However, this amount may be increased based on the extent of rehabilitation necessary to achieve the desired Housing Quality Standards if approved by Community Development Director.

PRIOR participants of the program are ONLY allowed up to the current maximum amounts for the program. For instance, if a participant received a grant in the past of \$4,000, and a loan for \$1,000, the amount of money available to this participant now, would be \$6,000 in grant money and \$19,000 of loan money.

H. Interest Rate

The loan portion of a Deferred Payment Loan shall bear a 3% SIMPLE INTEREST RATE. Interest will accrue for 10 years only. Except under certain circumstances, the grant portion will not accrue interest.

The grant for mobile home rehabilitation will not accrue interest.

I. Loan Terms

- 1. General
 - a. The Grant/Loan shall be between the CITY and the Homeowner.

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- b. The Homeowner has the right to repay the loan portion at any time, in part or in full, without prepayment penalties.
 - c. The Homeowner must pay in full the unpaid principal of the loan plus any accrued interest that is due on the loan at the time of refinancing the single family home. Under certain circumstances, the grant may become a part of the loan and subject to repayment.
2. Deferred Loans
- a. The loan portion of the grant/loan shall bear interest for 10 years from the date of the Promissory Note. No more interest shall be added after the 10th year.
 - b. The loan payments shall be deferred during the life of the loan. No monthly payments are required. However, the Homeowner, at any time, may elect to make a minimum monthly payment of \$25.00 or more.
3. Repayment of Grant/Loan
- a. Provided that the Homeowner continues to (i) hold title to the home, (ii) reside in the home as his or her principal residence, (iii) does not refinance the home and (iv) does not transfer the home to another person, whether by sale, gift, bequest or intestate succession (except as may be allowed by the CITY under **Section J.1.** below), the principal and accrued interest on the loan shall not become due and payable by the Homeowner to the CITY.
 - b. Additionally, the amount of any grant for a single family home shall be written off/forgiven at a rate of 20% for each 12-month period after the project completion date that the conditions in the last paragraph are met. If the conditions are met for a period of 5 years (60 months) the grant shall be fully written off and the Homeowner shall have no obligation to repay any portion of the grant.
 - c. If the above conditions are not met, the full unpaid principal amount of the loan plus accrued interest shall be immediately due and payable to the CITY. In addition, the grant amount will no longer continue to be written off and prior amounts written off may be reversed. The grant amount shall become a loan which shall accrue interest at the rate set forth above and shall also become immediately due and payable to CITY.
 - d. Recertification of continued principal residence occupancy may be

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required to be completed for each of the five (5) years following the anniversary date of the completion of the rehabilitation.

J. Other Grant/Loan Conditions

Specific terms and conditions for a Covina Residential Rehabilitation Grant/Loan are incorporated in the **Promissory Note**, secured by a **Deed of Trust**. Additionally, Homeowner shall agree to comply with following terms and conditions:

1. Assignment and Assumption:
Covina Residential Rehabilitation Grant/Loans are generally not assignable or assumable. But the CITY may consider the following exceptions:
 - a. The title to the home has not been sold or transferred except to the Homeowner's spouse (as a consequence of marriage, dissolution of marriage, or death), or to a son, daughter and/or legal dependent that will own and occupy the home as his or her primary residence; **and**
 - b. The new Homeowner meets these eligibility criteria and his or her income is such that the loan could not be repaid by refinancing from another source without the new Homeowner exceeding his or her ability to afford his or her housing costs. Such evidence may include income verifications and written rejections or refinancing applications from lending institutions, which provide the reasons for rejection.
 - e. If it is determined by the CITY that the new Homeowner is not eligible for assignment and assumption, the grant/loan shall be immediately due and payable.
2. Fire Insurance Requirements
The CITY verifies fire insurance coverage at the time of applying for the grant/loan and through any rehabilitation work done.
3. Refinancing – If Homeowner decides to refinance the home, any amount outstanding for the grant/loan must be repaid at that time, unless otherwise approved by the CITY. The CITY will only consider providing a loan subordination without immediate loan repayment if the refinance is solely to obtain a lower rate mortgage with no cash out. The CITY will not subordinate for reverse mortgages.
4. Assets – Total assets (not including home to be rehabilitated) must not be more than \$60,000.

K. Miscellaneous Conditions

1. All applicable work funded by a grant/loan shall conform to cost effective

energy conservation standards.

2. In compliance with 24 CFR Part 35, lead based paint products shall not be used on any project funded by a grant/loan.
3. Contractor shall keep all records of funds received from the CITY and make them accessible for audit or examination for a period of five (5) years after final payments are issued and other pending matters are closed (24 CFR Part 200). The CITY shall maintain for a period of five (5) years after the expiration of the contract with the Homeowner, complete and adequate financial records and accounts as considered necessary by the Los Angeles County Community Development Commission (LACDC) to assure proper accounting for all program funds and to support all program expenditures.
4. Contractor may not conduct any activity, including any payment to any person, officer, or employee of any agency or member of Congress in connection with the awarding of any federal contract, grant, or loan, intended to influence legislation, administrative rule-making or the election of candidates for public office during time compensated for under representation that such activity is being performed as a part of the contract responsibility.
5. It is understood that each person/entity/firm who applies for a Community Development Commission contract, and as part of that process, shall certify that they are familiar with the requirements of the Los Angeles County Code Chapter 2.160, (Los Angeles County Ordinance 93-0031); and that all such persons/entities/firms have and will comply with the County Code, and; that any person/entity/firm who seeks a contract with the Community Development Commission shall be disqualified therefrom and denied the contract and, shall be liable in civil action, if any lobbyist, lobbying firm, lobbyist employer or any other person or entity acting on behalf of such person/entity/firm fails to comply with the provisions of the County Code.
6. Executive Order 11246 requires that during the performance of any contract subject to this policy, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, sex, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, color, or national origin. Such action shall include, but not limited to, the following: employment upgrading, demotion or transfer: recruitment or recruitment advertising: layoff or termination: rates of pay or other forms of compensation: and selection for training, including apprenticeship. The contractor shall post in conspicuous places, available to employees

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and applicants for employment, notices to be provided by the contractor setting forth the provisions of this nondiscrimination clause.

7. Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u, requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns, which are located in, or owned in substantial part, by persons residing in the area of the project.
8. Title VI of the Civil Rights Act of 1964 and Section 109, Title I of the Housing and Community Development Act of 1974, provides that no person shall, on the ground race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Title.
9. Prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual, as provided in Section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

L. Refinancing and Subordination

The CITY will, on a case-by-case basis review and approve or deny subordination requests from loan recipient. The time to complete and approve a subordination application varies. Typically, it takes between one and two months. To request the CITY to subordinate, homeowners/loan recipient must submit in writing the following information to Special Projects Division:

1. The reason for the subordination request (Sale, refinance, or cash out).
2. The name, address, contact person (s) at the cooperating financial institution.

The CITY will only consider providing a loan subordination without immediate loan repayment if the refinance is solely to obtain a lower rate mortgage with no cash out. The CITY will not subordinate for reverse mortgages.

M. Amendments

Amendments to the Program Policy Manual may be made by the City Manager administratively, with the exception of Federal regulations and CDA procedures, which shall remain unmodified.

SECTION 2

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SECTION 2

COVINA RESIDENTIAL REHABILITATION GRANT/LOAN
DETERMINING CLIENT ELIGIBILITY

I. GRANT/LOAN PROCEDURE

A. Introduction

This section delineates the steps involved in the processing of Grants/Loans and includes procedure related to the packaging of grant/loan applications, and the reviewing of the package and approval of the grant/loan by the CITY.

B. Application Procedure

A **Preliminary Application** is completed by Homeowners desiring to participate in the Grant/Loan Program. Included in this form is a description of the type of rehabilitation work requested. This form is signed and dated by the Homeowner. This form is used to place the Homeowner on the CITY's waiting list. When there is available funding, the Homeowner is contacted and asked to complete a more in-depth application.

If the Homeowner is still interested in participating in the program, the Homeowner is then responsible for submitting all requested documentation to the CITY for approval.

Application Process

The following describes procedures for the handling of the grant/loan application and the packaging of the final grant/loan application. **This process will take no more than four (4) weeks to complete.**

1. Eligibility Determination

The CITY sends out the detailed application packet. Homeowner must supply the CITY with the following documents:

- (a) Completed **application**
- (b) Property tax statement
- (c) Paycheck stubs, or other income documentation for the last 3 months
- (d) AFDC, Social Security, Pension, dividends, interest for the last 3 months
- (e) Income Tax Returns for 3 years or statement of non-filing
Federal income tax returns for the previous three (3) years are required as the primary means of income verification for all grants/loans. If the Homeowner does not earn sufficient income to warrant the filing of a tax return, CITY will require a **statement of non-filing**, signed by the Homeowner in the place of the Federal income tax return
- (f) Current mortgage statement for all mortgages on the subject home
- (g) Current fire insurance policy on the subject home

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- (h) Signed acknowledgement of receiving “**A Consumer Guide to Asbestos**”, “**Protect Your Family From Lead in Your Home**” and “**Watch Out for Lead Based Paint Poisoning**”
 - (i) Credit Authorization form
2. The CITY is responsible for explaining program details to the Homeowner and highlighting such facts as the terms, conditions, and repayment terms, as well as to make clear there are **no** required monthly payments; however, the Homeowner may elect to make a minimum monthly payment of \$25.00 or more. The Homeowner **must** understand that a lien may be placed on the subject home for the grant/loan amount until it is repaid or written off. The Homeowner must understand that the **contract is a private contract between the Homeowner and Contractor.**
3. The Homeowner is advised that a Lead-Based Paint Inspection/Risk Assessment Report and an Asbestos Inspection Report will be required. These reports are provided at the Homeowner’s expense; any costs resulting from these inspections will be incorporated into the grant/loan.

As a part of the application package, “**A Consumer Guide to Asbestos**” and “**Protect your Family From Lead in your Home**” as well as “**Watch Out For Lead-Based Paint Poisoning**” is distributed to the Homeowner. The Homeowner must sign and acknowledge receipt of these informational packets.

A Lead Based Paint and Asbestos Containing Material Test shall be performed on each property considered for rehabilitation. The CITY’s Contractor (which shall have a valid contract in place between the CITY and the Contractor), currently Barr & Clark, shall be used for such testing. This Contractor submits completed reports to the CITY.

The CITY shall provide a copy of each report to the Homeowner. The Homeowner acknowledges receipt of reports by signing “**Notice of Asbestos Evaluation, Notice of Lead Hazard Evaluation**” form which is maintained in Homeowner file.

C. Grant/Loan Review and Approval Process

The process for the review and approval of the application is described below:

- 1. Once all of the required documents are received, they are reviewed.
- 2. A copy of the current **CDBG Bulletin-Income Guidelines** is placed in the file with the computation of Homeowner total income and verification that the Homeowner qualifies based on income limits. See **Section D** below for more detailed information.

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3. A visual inspection appointment is made with the Homeowner and CITY personnel as well as a Code Enforcement Officer in order to assess the needs of the Homeowner, based on the preliminary application.
4. The CITY shall advise the Homeowner, in writing, of grant/loan approval by issuing an **Approval Letter**. This letter details the program as well as discusses the work authorized based on the visual inspection and recommendations made by the Code Enforcement Officer.
5. If the grant/loan is disapproved due to lack of justification or clarification, the Homeowner is advised in writing and given a deadline to come and pick up any supporting documentation at the CITY. If supporting documentation is not picked up by the deadline, it is shredded.

D. Applicant Income Limits

1. Gross annual family income cannot exceed 80% of the annual family median income, adjusted for family size, established by HUD for Los Angeles County. Income limits are subject to change by HUD. Income is defined as the combined income of all members of the household, as defined in 24 CFR § 5.609 (Part 5 annual income) annual income as reported under the census long form, as amended.
2. The gross income limits for the Grant/Loan Program for Fiscal Year 2023-2024 per **CDBG Bulletin 23-0010** are shown below:

Persons Per Family	Deferred Loans (80% Median Income)*
1	\$70,650
2	\$80,750
3	\$90,850
4	\$100,900
5	\$109,000
6	\$117,050
7	\$125,150
8	\$133,200

*Income after adjustment for allowable inclusions and exclusions

Note: When future legislative changes are made to the definition of annual income, the change will be published in the Federal Register and agencies will be given 60 (sixty) days from the date of publication to implement the changes.

3. Income Inclusions (**HUD Handbook 4350.3, Chapter 5; 24 CFR 5.609**)
 - a. Salary Income. The full gross amount before any payroll deductions of wages and salaries, overtime pay, commissions,

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fees, tips, and bonuses, and other compensation for personal services

- b. Self-Employment Income. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

- c. Personal Interest. Interest, dividends, and other net income of any kind from real or personal property:

Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

- d. Pension/Social Security/Disability/Supplemental Security Income. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.

- e. Payments in lieu of earnings. Unemployment, worker's compensation, and severance pay (but see paragraph c. under Income Exclusions).

- f. Welfare Assistance/General Relief. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustments by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be

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included as income shall consist of:

- (1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- g. Alimony/Child Support. Periodic and determinable allowance, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
 - h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit (but see paragraph (g) under Income Exclusions).
 - i. Rental Income. Income received from rental property.
 - j. In-Home Supportive Services. Income earned by a caregiver/caretaker providing in-home supportive services for a **different** household.
4. Income Exclusions
- a. Income from employment of children (including foster children) under the age of 18 years.
 - b. Payments received for the care of foster children.
 - c. Lump-sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph c. of Income Inclusions).
 - d. Amount received by the family that is specifically for, or in reimbursement of, the cost of medical expenses for any family member.
 - e. Income of a live-in aide for the **same** household.

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- f. Amount of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that are available for subsistence are to be included in income.
- g. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- h. Amounts received under training programs funded by HUD.
- i. Amounts received by a disabled person that is disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
- j. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and that are made solely to allow participation in a specific program.
- k. Temporary, nonrecurring, or sporadic income (including gifts).
- l. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 24 CFR 5.609(c). The following is a list of types of income that qualify for that exclusion (9/27/89 regulations):
 - (1) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
 - (2) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, senior companions).
 - (3) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c)).
 - (4) Income derived from certain submarginal land of the

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United States that is held in trust for certain Indian tribes (25 U.S.C. 459)(e)).

- (5) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)).
- (6) Payments received under programs funded in whole or in part under the Job Training Partnership Act.
- (7) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians.
- (8) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117a).
- (9) Amounts of scholarships funded under Title IV of the Higher Education Act of 1985 including awards under the Federal work-study program or under the Bureaus of Indian Affairs student assistance programs, that are made available to cover the costs of tuition fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087 uu).
- (10) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f)).
- (11) Any earned income tax credit to the extent it exceeds income tax liability.
- (12) Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the In Re Agent Orange Product Liability Litigation, 597 F. Supp. 740 (E.D.N.Y. 1984); In Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.).
- (13) Payments received under the Maine Indian Claims Settlement Act of 1980.

E. Initial Inspection to Determine Extent of Work

- 1. The CITY personnel and CITY Code Enforcement inspector are

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responsible for making an initial, on-site inspection of the property to be rehabilitated for identification of code violations (A items = code violations; B items = incipient violations, i.e., those items which must be corrected to meet codes) elimination of items creating a detriment to public health and safety. Code violations are identified and defined in the **Covina Municipal Code**. A **Pre-Inspection Request Form** is given to Code Enforcement Officer for notes and signature and is filed in the Homeowner file.

2. During the course of the initial inspection, the CITY personnel is obligated to take application measurements, and at least 10-12 photos of all items to be rehabilitated or corrected. Photos should include at least 1 full view of exterior of property. A **Photography Permission Form** is signed by Homeowner and placed in the Homeowner file.

F. Write-up of Rehabilitation

The CITY shall prepare a **Bid Work Write Up** for all its rehabilitation jobs.

CITY personnel will prepare and complete an accurate write-up for all items of work to be done. The **Bid Work Write Up** must include all estimated square or linear footage, room sizes, as required and necessary.

CITY Code Enforcement Officer will make notes as to any Covina Municipal Code Violations or other items for rehabilitation and sign and return this form to CITY personnel for inclusion in Homeowner Grant/Loan file. The Code Enforcement Officer's recommendations will be incorporated into the **Bid Work Write Up**.

Contingency Reserve Money

1. The CITY permits a 10% contingency allowance, with exceptions, to cover unforeseen conditions arising during the rehabilitation process. An "unforeseen" circumstance means "not seen as a development beforehand" and encompasses items such as plumbing, faulty electrical, replacement of dry rot and termite infested lumber, unforeseen water damage or other conditions which cannot be determined until the actual rehabilitation has begun.
2. The 10% contingency allowance comprises 10% of the rehabilitation contract.
3. Request for use of contingency funds shall occur through the Change Order process (**See Section 3.II.I**) with CITY prior approval.

G. Application Approval/Rejection

If the application is approved, the Homeowner is notified of the approval along with a list of next steps that must be taken to continue in the program by issuing

an **Approval Letter**.

If the loan is rejected, the Homeowner is notified of the reason for rejection.

If the application and all supporting documentation is not received by the CITY from the Homeowner within four (4) weeks after Homeowner is sent the application, the grant/loan will automatically be rejected.

H. Lead Based Paint/Asbestos Containing Material Reports

After the Homeowner is approved to participate in the Program, a **Lead-Based Paint Inspection/Risk Assessment Report** and an **Asbestos Inspection Report** are obtained. These reports are provided at the Homeowner's expense; any costs resulting from these inspections are incorporated into the grant/loan. A copy is provided to the Homeowner and receipt of such is evidenced by the "**Notice of Asbestos Evaluation, Notice of Lead Hazard Evaluation**" form.

I. Deed Recording/Note Signing/Grant & Loan Agreement

1. CITY personnel shall schedule date with the Homeowner for the signing of the documents listed below:
 - a. Deed of Trust (must be notarized), if applicable
 - b. Promissory Note
 - c. Residential Grant and Loan Agreement
2. CITY personnel are responsible for ensuring the accuracy and validity of the loan documents. The Homeowner shall be advised when payments are due and where to make the grant/loan payments. It is important that the Homeowner review the terms, conditions, and repayment of the program to insure the Homeowner's full understanding.
3. The borrower shall provide security for the grant/loan in the form of a Promissory Note, and if applicable, a Deed of Trust. CITY will not accept mortgage interest in the property at less than third (3rd) position on all loans.

J. Homeowner/Project Set Up in LACDC.org website

1. Historical Preservation/Environmental Impact Clearance
 - a. Historical Preservation, Section 106, National Historic Preservation Act of 1966 as amended 54 USC 300101 et seq. mandates that all activity in which the Federal Government is directly or indirectly involved be subject to review for compliance with Section 106. In order to comply with Section 106, the CITY requires that clearance be submitted for review, accompanied by a set of four (4) photos, to a Basic Property Identification Form for loan amounts up to \$24,999 and the property information. These photos will include:
 - (1) 1 front view of the dwelling to be rehabilitated

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- (2) 1 view each (total of 2) of the **houses on each side** of the dwelling to assess the architectural design of neighboring homes
- (3) 1 view of the house directly across the street from the dwelling
- b. Detailed Property Identification Form (DPI), the form must be submitted along with four photos, and property information for loan amounts at or above \$25,000.
- c. After receipt by LACDC, the form is forwarded to LACDC's CDBG Historic Preservation Planner for review and clearance. The loan consultant should allow approximately seven (7) days for clearance. In the interim, normal loan consultant processing of the loan may continue.
- d. Should the CDBG Historic Preservation Planner's review establish that the structure may be eligible or placement into the National Register, the work write-up and completed research forms are sent to the State of California Historical Preservation Office (SHPO), for official determination of National Register eligibility. The Loan Consultant shall be notified immediately. A time frame for the above is approximately 45 days.
- e. CITY shall act as a liaison between the Homeowner and the SHPO throughout the rehabilitation process, advising the Homeowner of any special requirements and documentation necessary for completion of the project.

SECTION 3

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SECTION 3

**RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM
REHABILITATION INSPECTION/CONTRACTOR PAYMENT PROCEDURES**

I. INSPECTION/BID PROCESS/AGREEMENT FOR REHABILITATION

A. Inspection Process - The inspection process is described below. Responsibility for inspection activities lies with the CITY and the CITY's inspector(s).

1. CITY personnel and CITY Code Enforcement Inspector are responsible for making an initial, on-site inspection of the property to be rehabilitated for identification of code violations and other items to be rehabilitated. Code violations are identified and defined in the **Covina Municipal Code**.
2. During the course of the initial inspection, CITY personnel are obligated to take application measurements, and approximately 10-12 photos of all rehabilitation to be corrected. Photos should include at least 1 full view of exterior of property, 1 photo of neighbor on each side of home as well as 1 photo of home on opposite side of street.

B. Bid Process

Each bid submitted must be for repairs and replacements that are for similar materials and replacement costs that currently exist in the home. For example, if flooring is to be replaced and is currently vinyl, the homeowner may replace with vinyl or tile at a cost not to exceed the cost of replacing with vinyl. The bid process is as follows:

1. Requests for bids are solicited by the Homeowner. Each bid package that goes out for solicitation should include the ***Bid Work Write Up*** as described in **Section 2.F**.
2. Homeowner must solicit at least three (3) bids from licensed, eligible Contractors to allow for reasonable competition. **This process will not be allowed to take more than four (4) weeks to complete. If all bids are not received within this time period, the application will automatically be rejected and the homeowner will not be able to continue participation in the program.**
3. The Homeowner is advised that they may invite a licensed California Contractor of his/her choice to participate in the bid process.
4. Any eligible bid, provided by a licensed eligible Contractor chosen by the Homeowner, may be considered. If the lowest bid Contractor is not chosen, written justification must be provided as to why the Homeowner is choosing the Contractor.

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5. Bonus, Commission, or Fee. The Homeowner(s) shall not pay any bonus, commission or fee, for the purpose of obtaining approval of the grant/loan application, or for any other approval or concurrence required by the CITY or its agents, to complete the rehabilitation work financed, in whole or in part, with the Covina Residential Rehabilitation Grant/Loan Program.

The Homeowner shall not receive any bonus, commission or fee, also known as a “kick-back”, for the purpose of choosing one Contractor over another.

6. Discrimination
- a. The CITY shall inform the Homeowner and Contractor of applicable laws regarding nondiscrimination based upon sex, age, race, creed, color, religion, national origin or ancestry in the awarding of the contract for rehabilitation of property assisted by the Covina Residential Rehabilitation Grant/Loan Program.
- b. The CITY shall not discriminate upon the basis of sex, age, race, creed, color, religion, national origin or ancestry in accepting applications and processing Covina Residential Rehabilitation Grant/Loan requests.

7. Ineligible Contractors
- a. The Homeowner shall not award any contract for rehabilitation work, to be paid for in whole or in part with proceeds from a Covina Housing Rehabilitation Loan/Grant, to any Contractor who:
1. Does not have a current California license as a B Contractor
 2. Cannot produce evidence of current Workman's Compensation and Liability Insurance coverage, and who has been placed on HUD's, CSLB's or any other federal, state or local Debarred Contractors list.
- b. **Any member of the Homeowner's family is considered ineligible, regardless of credentials or license.** Any ineligible Contractor found working at the job site will be removed immediately, without compensation. If payment was inadvertently made to an ineligible Contractor, the **Homeowner** will be held responsible for immediate repayment of the funds to the CITY, and for any and all costs incurred related to the correction and the rectification of the problem.

Family is defined as parents, children, siblings, uncles/aunts and

cousins.

8. Homeowner as Contractor
Homeowner can do the work on their home, except in those areas where the building and other applicable codes require a licensed contractor. If Homeowner does the work, reimbursement can ONLY be received for cost of materials. Material purchases MUST BE pre-approved by CITY.

C. Review of Bids

1. All bids are provided to the Homeowner by the Contractors. Once all bids are received, the bids are then turned in to the CITY. The CITY must check the documents for completeness, insuring that they are dated and properly signed by an officer of the Contractor's firm.
 - a. A bid comparison sheet, itemizing each item of work will be prepared by the CITY for comparison of prices when reviewing bids.
 - b. All bids received are reviewed with the Homeowner. Recommendation can be made by the CITY based on the lowest and most responsible bid and the Contractor's past performance. However, it is the Homeowner's responsibility to review the bids and Contractor and to decide on a Contractor. The City will inspect the work performed by the Contractor and ensure that it complies with the Covina Municipal Code. However, City makes no guarantee as to the quality or workmanship of the Contractor's work and assumes no responsibility of liability for such issues.
 - c. Homeowner decides on a Contractor and signs the **Choice of Contractor** letter.
2. The selected bidder (Contractor) must provide the following:
 - a. Tax identification number (Social and/or IRS No.) by completing Form W-9 and California Form 590
 - b. For each Homeowner's rehabilitation, Contractors are checked on www.cslb.ca.gov/onlineservices/checklicenseii/checklicense.aspx website for current license and workers' compensation insurance.

Any Contractor with lapsed insurance or Contractor's license shall not be considered for the job or shall be removed from the job until he/she is able to provide proof of current insurance and/or license.

- c. Contractors are also checked on the federal debarred website www.sam.gov for debarment from Federal projects (**CDBG Bulletin 13-0002**) and on any state or local debarred website.

- d. Proof of Covina Business License.
3. Should the Homeowner insist that the contract be awarded to a Contractor other than the low bidder, a statement of justification signed by the Homeowner will be included in the file.
4. In cases in which the Homeowner selects a Contractor whose estimated costs are so low that they may not cover the actual cost of improvements, it is incumbent upon the CITY to discuss with Homeowner the problems which often arise with such bids and attempt to dissuade Homeowner from accepting the bid.
5. Homeowner Contributions
 - a. Homeowner contributions for the purpose of choosing a Contractor that is not the lowest cost will be considered. Requests must be accompanied by a written justification from the Homeowner and a statement signed by the Homeowner revealing the source of the additional funds and the Homeowner repayment schedule
 - b. Homeowner contributions, for the purpose of upgrading items and materials and the addition of items considered "luxury items" in the rehabilitation contract may be considered. The CITY will consider Homeowner contributions on a case-by-case basis. Requests must be accompanied by a written justification from the Homeowner and a statement signed by the Homeowner revealing the source of the additional funds and the Homeowner repayment schedule.
 - c. If approved by the CITY, the Homeowner shall pay the amount of the Homeowner's contribution directly to the Contractor.

D. Agreement for Rehabilitation

The CITY shall obtain a copy of the Contract between the Contractor and Homeowner. The completed contract between the Homeowner and the Contractor shall consist of an Agreement and the Contractor's Bid for Rehabilitation.

II. PRE-CONSTRUCTION CONFERENCE

The CITY, the Homeowner, and the Contractor shall meet at a Pre-Construction Conference to review all phrases pertinent to the documentation of the grant/loan, rehabilitation work authorized, change orders, inspections, payments, contingency money, contract extensions, deviations, "side-deals" and Final Close Out of the loan. Other points covered in the discussion will include items in the contract, the scope of the work to be performed, and the nature of the potential inconvenience to the property

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owner. The CITY and Homeowner shall clarify terminology in the standard contract, such as paint grade and paint selection.

The Homeowner and the Contractor shall sign an acknowledgement stating that both parties understand the terms and conditions of all Program requirements as presented during the mandatory Pre-Construction Conference, and acknowledging receipt of their copy of the Covina Residential Rehabilitation Grant/Loan Program Handbook, Section 3. Additionally, all parties involved in the rehabilitation should understand the following:

A. Responsibilities

The contractor is to furnish all material, equipment and labor to complete the work in a workmanlike manner as per the practice of the trade.

The Contractor shall be fully responsible to the Homeowner for the acts and omissions of all Sub-contractors and/or persons directly or indirectly employed by him/her.

The Contractor shall be responsible for coordinating the operations of all trades, Subcontractors and material persons engaged upon the Contract. Contractor shall guarantee to each of his/her Subcontractors the locations and measurements which they may require for their work. Contractor shall verify on job site, all specifications of the project and immediately notify the City and Homeowner of any discrepancies. Contractor shall be held responsible for all such verifications. Any item of work not specifically set forth in the scope of services attached as part of Contract as "Contractor's Proposal", but which is necessary for the completion of the project, shall be supplied and set in place at the expense of the contractor as though it has been shown or indicated on "Contractor's proposal".

Color, model, style, and manufacturer of all fixtures, appliances, hardware and all other products used in the rehabilitation work which has not been specified in the "Contractor's Proposal" shall be approved and/or selected by Homeowner.

B. Permits and Codes

Contractor shall be responsible for securing all applicable work permits from appropriate agencies and a City of Covina Business License prior to commencing work. All work shall be accomplished per City of Covina and applicable Building and Safety and Health codes and/or State of California Housing Codes. Contractor represents and warrants that they possesses a valid contractor's license issued by the State of California, as well as any specialty licenses required for the project.

C. General Guarantee and Warranty

The Contractor warrants that all materials, fixtures, and equipment furnished by Contractor and the Subcontractors shall be new of good quality, and of good title. Further, that all manufacturers and supplier's written guarantees and warranties shall be delivered to the Homeowner. Neither the final payment nor

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partial or entire use of the material, fixture or equipment repaired or supplied by the Contractor shall constitute an acceptance of work done in accordance with Contract or relieve the Contractor of liability in respect to any expressed warranties or responsibility for faulty materials or workmanship. The Contractor shall promptly remedy any defects in the work, and pay for any damage to other work resulting therefrom, which may appear within a period of one year from the date of final acceptance of the work unless a longer period is specified. The Homeowner shall give written notice of observed defects to the City and Contractor with reasonable promptness.

D. Conflicts

The Contractor and Homeowner is/are responsible for resolving any conflicts that arise during the performance of the rehabilitation. Only after the Contractor and Homeowner have made a good faith effort to resolve their differences should the CITY representative be called upon to assist. The CITY representative shall review all facts carefully and objectively, and all parties must agree to abide by the findings or pursue formal mediation.

Any controversy or claim arising out of or relating to the Homeowner's rehabilitation contract, or the breach thereof, may be settled in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof. It is, however, the Homeowner's responsibility to attempt to resolve or minimize all disputes relating to the quality of the work or time performance.

E. Breach of Conditions

Notwithstanding any other provision in the contract between the Contractor and the Homeowner, the following terms shall govern: In the event the Contractor shall fail or refuse to complete the work as set forth in the approved Bid, or fails or refuses to use due diligence in performing the required alterations and improvements, and in the further event that such failure, refusal or default continues for 24 hours after delivery to Contractor of a written notice to cure such default, then the Homeowner may terminate this contract by written notice to Contractor, and upon delivery of such notice, Contractor shall immediately surrender possession of the premises and remove all of his/her equipment and material there-from. Contractor shall, upon such termination, deliver material and labor lien releases, executed by all persons, and firms supplying labor and/or materials to premises, and CITY shall be obligated to pay Contractor only for each individual portion of the work completed by Contractor and accepted by Homeowner to the date of termination. Full payment shall be made to Contractor only after the total job has been completed and under the terms and conditions as set forth in this Agreement.

In the event of such termination, the Homeowner may, in addition to all other remedies, call upon Contractor's bonding company to complete the work

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provided a bond has been procured. No payment made under contract shall act as a waiver of the right of Homeowner to require fulfillment of all of the terms of the Contract.

F. Hold Harmless

As an independent Contractor, of the Homeowner and recipient of program funds, the Contractor holds no claim against the CITY of Covina, their agents, employees and officers from any and all claims, liabilities, damages, and losses arising from the rehabilitation work performed herein by Contractor including the materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the rehabilitation work under this Agreement and from any claims, liabilities, damages and losses for worker's compensation arising from the performance of the rehabilitation work under this Agreement by the Contractor or any Subcontractor.

G. Property Access/Maintenance

Homeowner shall provide access to property Monday through Friday between 8:00am and 5:00pm. If Homeowner is not available during these hours, Homeowner will make necessary accommodations for access to the home, in order not to cause Contractor and delay in completing scheduled work.

Also,

1. The Homeowner is responsible for property maintenance during the time that rehabilitation work is being performed on the property.
2. The Homeowner must be advised that rehabilitation work shall not be impeded because of unmaintained property or general sloppiness, and those items of value, including pets, must be secured.
3. Contractor shall schedule and perform his work in such a manner as to cause minimum inconvenience to the Homeowner that continues to occupy the premises during proposed work. However, such occupant shall cooperate with and aid the Contractor by vacating work areas where required and assisting in the removal and replacement of rugs, coverings, and furniture as necessary. Notification to the occupants should be given at least twenty-four (24) hours in advance of request by Contractor.
4. The Contractor and his employees provide adequate protection to the Homeowner property, both interior and exterior, during rehabilitation process. This includes covering the furniture and protecting the flooring during sanding and painting, protecting plants during sandblasting and painting, etc. The Contractor shall not use the Homeowner personal property, such as towels, sheets, shovels, tools, etc.; the Contractor must supply his own tools, and furniture cover. The CITY's responsibility

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includes notifying the Contractor that he/she will be held responsible for the repair and replacement of ruined property. The Contractor shall keep the premises clean and orderly during the course of work.

5. Surplus materials delivered to the job site and all materials, fixtures, and equipment removed as required by the work and not reused, shall remain or become the property of the Contractor and its Subcontractors. Such materials, as well as all rubbish and debris resulting from Contractor's operation shall be removed from the job site promptly. On completion of the project, property is to be left in a clean manner and all debris from construction is to be removed and disposed of from property.

H. Sign Contracts

After mutual agreement with terms in Contract between the Contractor and Homeowner is reached, the Contractor and the Homeowner sign the Contract and provide a copy to the CITY. Work must begin within two (2) weeks of signing the Contract or Contractor risks the possibility of being substituted as described in **Section III.2.J.**

1. Time allowed for the rehabilitation process is as follows:

Contract less than	\$10,000	= 30 days
Contract between	\$10,000 - \$15,000	= 45 days
Contract over	\$15,000	= 90 days

If the process is not completed by the time above, payment may be reduced pursuant to **Section 3.III.B.2** below.

Exceptions: Time of year and nature of rehab work should be taken into consideration.

I. Change Orders

1. Change orders are the responsibility of the Contractor. The CITY shall review all change order requests, and reserves the right not to pay for any change order request it considers outside the scope and guidelines of the CITY's Covina Residential Rehabilitation Loan/Grant Program.
2. The CITY does not consider change order requests as standard rehabilitation procedure. Change order requests must be granted solely in cases where unforeseen circumstances arise during the rehabilitation process, (plumbing, faulty electrical, replacement of dry rot and termite infested lumber or other conditions which cannot be determined until the actual rehabilitation has begun). A CITY inspector shall make site inspections, when necessary, for clarification. Change orders may occur at any time during construction.
3. All change orders must be approved by the CITY **before** the CITY will pay for such work. No change order will be approved if submitted along with progress payment or final payment and are not approved by CITY

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prior to payment request.

4. The CITY shall pay for no more than **two change orders per job**, provided those Change orders meet the above criteria. **Change order requests will not be granted for "trade-offs" with the Homeowner.** Additional work negotiated between the property owner(s) and the Contractor shall not be covered by a change order, but may be accomplished through a separate financial arrangement between the Contractor and the Homeowner. This work must be done subsequent to the completion of the CITY rehabilitation contract.
5. The CITY must be cognizant of change order items that require permits. Should a change order item require an additional permit, it is the CITY's responsibility to ensure that the Contractor obtains that permit subsequent to the item approval and prior to the commencement of work.

NOTE: The CITY does not allow Contractor overhead and profit on Change orders nor does it allow deletion of code items identified in the initial inspection by the CITY. The CITY does not allow a Change order request on any item previously paid to the Contractor.

6. A change order justification shall include:
 - a. Activity and item to be modified (deletion or addition)
 - b. Cost or credit to property owner
 - c. Contractor's written and/or visual justification for change
 - d. Signature of property owner(s) and Contractor prior to submittal to the CITY for approval
 - e. Change order number (#1, or #2).
7. When a change order item is modified and/or denied by the CITY, the Contractor shall notify the Homeowner of the modification and/or deletion.
8. Should a Change Order request exceed the contingency allowance, the Homeowner shall cover the excess amount by contributing their own funds. If they are unable to pay the additional money, the Homeowner shall scrutinize the **Bid Work Write Up**, prioritizing items in order to delete those items of less immediate need. Homeowner then shall decide what items to delete from **Bid Work Write Up** in order to move forward with the Change Order.

J. Substitution of Contractor

In the event that the Homeowner and the Contractor have a dispute that they cannot resolve, the Contractor may be released from any work not yet complete, as long as the Homeowner, Contractor and the CITY agree. A Change Order will be used to reduce the amount of money due the Contractor for any

unfinished/unpaid items.

In the event the Contractor shall fail or refuse to complete the work in a professional manner or fails to use due diligence in performing the required work, the Homeowner may terminate the Contract with the Contractor. Such termination shall be done in accordance with **Section 3.II.E above**. The Homeowner will be provided appropriate assistance from the CITY in completing the necessary termination notice.

- a. No commencement by original Contractor-substitute Contractor:
 - (1) A note to the file is used to indicate, that the original Contractor will not be performing the rehabilitation and the reason(s) for which a substitution of Contractor is being requested.
 - (2) The Homeowner shall obtain a substitute Contractor willing to perform the rehabilitation (preferably the second lowest bidder). The Homeowner is encouraged to negotiate the total or remaining contract balance with the new Contractor to assure that the contract does not exceed the available rehabilitation dollars.
 - (3) A new Contract and Contract Bid Information, Contractor's license, general liability and Workers' Compensation Insurance, are prepared and filed in the Homeowner's file.
- b. Noncompliance by the original Contractor-substitute Contractor:
 - (1) The Homeowner must inspect the job, compiling a list of incomplete or unacceptable items to determine the extent of work to be completed by the substitute Contractor.
 - (2) The CITY is notified by means of a Homeowner generated memo or phone call that the original Contractor has not performed according to the Contract. The memo lists the initial steps taken by the Homeowner to resolve the problem. CITY will then try to resolve noncompliance related problems. If unsuccessful in resolving conflict/noncompliance, Homeowner will notify Contractor of termination as described in **Section 3.II.E above**.
 - (3) A meeting must be held between the CITY, the Homeowner and the original Contractor (if possible) at which time a method of Contractor payment is established and a Change Order form is signed by both the Homeowner and the Contractor to terminate the contract. Justification for the substitution, the method of payment to the Contractor, and the amount of funds paid must be stipulated in memo form. Funds withheld from the original Contractor, until the rehabilitation is completed, must be discussed. Lien releases and invoices from the original Contractor and sub-Contractors must be attached to all payments

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made.

- (4) A revised ***Bid Work Write Up*** is prepared, based upon the Homeowner or CITY inspection findings, and a substitute Contractor is hired to do the remainder of the rehabilitation work. The Homeowner is encouraged to negotiate the total contract with the new Contractor to assure that the new Contractor does not exceed available rehabilitation funds.
- (5) The substitute Contractor must provide a Contract before beginning any work.
- (6) No further rehabilitation is to commence until the Change Order, releasing the original Contractor from his contractual obligations, is on file at the CITY, and a new contract is drawn and signed between the substitute Contractor and the Homeowner.

The revised write-up shall contain only those items necessary to complete the job. The substitute Contractor must show proof that he/she is currently insured and licensed.

- (7) The CITY shall be advised if the Homeowner encounters any problems in the resolution of the substitution of Contractor.

III. CONTRACTOR PAYMENT PROCEDURE

A. Rehabilitation Payments

1. Disbursement of Rehabilitation Funds. The Homeowner shall agree to permit the CITY, its agent or designee, to act as disbursement agent for funds granted/loaned through all Covina Residential Rehabilitation Grant/Loan Programs, and to permit the CITY, its agent, or designee, to disburse such funds in the form of a single party check payable to the Contractor.

The Homeowner does not have the option of determining when the Contractor shall be paid. The CITY will determine when payment is to be made to Contractor, in accordance with this Policy.

2. After the Contract is signed by the Homeowner and Contractor, the CITY shall enter the Contract amount as a Purchase Order into the financial system in order to encumber the funds.
3. The Contractor's request for payment is to be submitted to the CITY as an invoice only for items on the original bid that have been completed. CITY staff reviews the invoice and processes the request for payment. All checks will be mailed to/or picked up by the Contractor. All payment checks shall be single party checks make payable directly to the

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Contractor. Estimated turn-around time for Contractor payment is fourteen (14) days.

Circumstances may arise in which turn-around exceeds normally scheduled fourteen (14) days; these occasions will be exceptions, **not the rule.**

All payment packages must include:

- a. Request for Payment or itemized invoice from the Contractor
- b. Completed **Certificate and Release of Lien.**
- c. Completed List of **Sub-Contractors and/or Material-Men** form accompanied by material and labor releases from all sub-Contractors and materials suppliers.
- d. Contractor shall have CITY Inspector sign the **Bid Work Write Up - Inspection** form or itemized invoice indicating that the items completed have been inspected by CITY Inspector. A copy of the **Bid Work Write Up - Inspection** or itemized invoice with CITY Inspector signature shall accompany each payment request.
- e. Certifications and Warranties, if applicable
- f. Permits/Plans
The CITY requires that all pertinent permits be obtained prior to the commencement of the rehabilitation. A copy of **permit/inspection card** shall be included as part any payment package. It is the CITY's responsibility to review payment package for completeness, prior to submission to accounts payable for payment, to avoid delay in processing and duplication of work and effort.

In addition to permits, the Contractor must submit a copy of preliminary drawings for projects requiring a room addition. A copy of the final plans approved by the CITY Building department must also be submitted to the CITY.
- g. Payments
Incomplete packages shall be returned to the Contractor for completion prior to processing.

4. When a Contractor payment request is submitted to the CITY for payment, the CITY will ensure that all work is in accordance with applicable Codes, as evidenced by CITY Inspector signature on accompanying **Bid Work Write Up – Inspection** or itemized invoice. If

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the rehabilitation involves an addition, progress payments will only be made when at least one-third (1/3) of the major construction is completed.

5. Job Site Inspection/Quality Control

- a. The CITY shall inform the Homeowner of their responsibility to permit inspection for compliance with the CITY's Municipal Code, by the CITY, its agents or designees, on the property to be rehabilitated. The Homeowners shall also permit any additional inspections necessary by CITY personnel and the Building department, relative to the property, the rehabilitation work, all contracts, material, equipment, payrolls and conditions of employment pertaining to the work.
- b. CITY personnel shall take pictures of all completed work for the file and visually inspect the work done to ensure that work that was quoted has been done.
- c. The CITY Inspector from the Building department shall inspect all work that requires a permit and a copy of the permit card shall be turned in with each request for payment by the Contractor. It is the Contractor's responsibility to get the Building inspector to inspect and indicate this with a signature.
- d. The CITY shall require the Homeowner to sign a **Completion Notice** form indicating satisfaction or dissatisfaction with the completed job for all rehabilitation jobs for which payment has been requested. **In addition, CITY shall perform inspections without Homeowner notification, and shall make random or specific inspections when deemed necessary for quality control.**

B. Time Extension of Agreement for Rehabilitation

1. Part of the CITY's monitoring function is to insure that the job does not exceed the time period allocated for completion; **it is the Homeowner's and CITY's responsibility to be aware of overdue completion dates.**
2. If the Contractor does not finish in the time defined in in Section 3.II.H., for each day that the Contractor does not finish, one percent (1%) will be deducted from the final payment.
3. The CITY recognizes that there are extenuating circumstances, which warrant a Time Extension of Agreement. The Contractor must provide written justification to the CITY and the Homeowner explaining the delay. CITY determines whether the extension is approved or disapproved.

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4. Only one (1) extension will be allowed by the CITY per Contractor. If more than one (1) extension is requested the Contractor will be cited for non-compliance with CITY Procedures and may be removed and substituted.

C. Monitoring

1. The Monitoring Program is a mandated function required by HUD. The CITY has monitoring responsibilities designed to measure and evaluate performance.
 - a. The CITY's monitoring responsibilities related directly to the Contractor and rehabilitation. CITY personnel operate as quality control agent whose primary monitoring functions are to:
 - (1) Insure that all work performed by the Contractor is performed in compliance with the CITY's Municipal Code, and the Contract.
 - (2) Be familiar with all aspects of the rehabilitation to preclude expensive repairs and added expense occurring down-the-line due to lack of monitoring and quality control. Ask for guidance from CITY inspector where needed, to gain an understanding of the repair.
 - (3) Periodically make unannounced inspection of the job site to ensure that the Contractor is on the job and that the work is progressing according to schedule.
 - (4) Conduct spot inspections to insure professional and satisfactory workmanship by the Contractor and those materials used in the rehabilitation are standard grade or better.
 - (5) Inspect the job site prior to request for Contractor payment to insure that the Contractor has completed all the work for which payment has been requested.
 - b. Since job site inspections and familiarity with all aspects of the rehabilitation are mandatory functions of the monitoring process, **CITY personnel shall be responsible for detecting deviations** from the Rehabilitation Contract and for **detering "side deals"** between Contractors and Homeowner during the contract period. Additional monitoring responsibilities are as follows:
 - (1) Mediate disputes occurring between the Contractor and the Homeowner during the contract period. CITY shall be appraised, by means of a Homeowner generated memo to file, as to the character of the dispute and its resolution.

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- (2) Insure that the Contractor, prior to the beginning of the rehabilitation work, pulls all pertinent permits.
- (3) Insure that all Contractors have proof of current California B licenses, worker's compensation and liability insurance. If any Contractor is working without a current license or with lapsed worker's compensation or liability insurance, the Homeowner is obligated to pull the Contractor off all jobs in progress until the Contractor can supply the CITY with proof that the above is current.

D. Rehabilitation Final Payment

When the rehabilitation is completed, the Contractor obtains Final sign-off from Building and Safety, and the CITY inspector performs a Final inspection of the rehabilitation to assure that the work has been completed as set forth in this Policy and the Covina Municipal Code. If the completed work is satisfactory and the Homeowner has signed the Owner's **Completion Notice**, a Request for Final Payment may be submitted to the CITY by the Contractor. The Request for Final Payment includes:

1. Invoice/request for payment.
2. **Bid Work Write Up - Inspection** form signed by CITY Inspector.
3. **Certificate and Unconditional Release of Lien** form signed by the Contractor. Certificate and Release of Lien and any applicable work permits evidencing that the job has been inspected by the appropriate agency and "signed off" or "finalized". Certificate of Unconditional Release of Lien will set forth the undisputed balance due from City and Homeowner, if applicable, under the Contract and Change Orders; a certification that the work under the Contract and Change Orders has been performed in accordance with the terms thereof, and that there are no unpaid claims for materials, supplies or equipment, and no claims of laborers or mechanics for unpaid wages arising out of the performance of the contract; and a statement that in consideration of the contract, Contractor releases the Homeowner from any and all such claims arising under or by virtue of the Contract. If the Homeowner has a balance due, Contractor shall identify on the Certificate of Release of Lien the amount remaining outstanding, and provide a lien release to the Homeowner upon payoff.
4. **List of Subcontract and/or Material-Men** form accompanied by material and labor releases from all sub-Contractors and material suppliers, i.e., lumber companies, home improvement centers, etc.

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5. Certification and Warranties, if applicable.
6. Copy of CITY/HCD issued **Inspection Card**.
7. Signed **Owner Completion Notice** (Obtained by CITY personnel).

E. CITY Inspection at Final

CITY personnel shall make an independent inspection of the job site upon the completion of the project. This inspection shall be coordinated with the Homeowner, which arranges access to the job site for CITY personnel. Pictures will be taken of items completed and **Owner Completion Notice** will be obtained.

If there are any items that need to be corrected by the Contractor, CITY personnel will be responsible for coordinating the communication with the Homeowner and Contractor on these items.

IV. CLOSEOUT OF THE PROJECT

A. Disbursement Printout Sheet

The CITY will prepare a detailed disbursement sheet which will reside in each Homeowner's file. This will detail each payment made for the project and total the amount paid by the CITY on behalf of the Homeowner.

B. Close Out Letter

Once the CITY is satisfied with Contractor's performance and has the **Owner Completion Notice** letters signed by the Homeowner, the CITY will mail a cover letter to the Homeowner along with document copies of the rehabilitation grant/loan. These documents include all recorded documents, warranties and guaranties, releases and other pertinent documents.

C. Close Out in LACDC.org

Once the CITY has made all payments on Homeowner project, the Contractors and payment amounts are entered into the LACDC.org system. This will then forward the projects to the LACDC for inclusion as a completed project for the Quarterly Performance Report prepared.

SECTION 4

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SECTION 4

CITY FUNDING REQUEST/REPORTING PROCEDURES

I. CITY FUNDING REQUEST

A. Preparation

Financial system reports will be used for preparation of monthly funding requests. Copies of all invoices and payment checks will be maintained in project file behind each month's funding request copy.

B. Submission

CITY funding requests are to be submitted a minimum of **once a month**.

C. Receipt of reimbursed funds by LACDC to CITY

When funds are electronically deposited, Finance Manager will forward notice and Management Analyst over CDBG program will prepare a cash receipt with account numbers to be given to CITY cashier for entry into financial system.

II. Remittance of Repaid Loans and Interest Amounts

Return Funds Transmittal Form will be completed for any payments being returned to LACDC. A copy of the Transmittal form will be enclosed with payment check. Upon receipt, LACDC will credit the CITY's CDBG funds. Remittance will be completed at least **once a month**, using CDBG Bulletin 13-0014, if there is anything to return.

III. Quarterly Performance Reports to LACDC

Once a quarter, a description of what has transpired during the quarter will be entered into the LACDC QPR automated system.

IV. Tracking of the Outstanding Loans

At the request of the homeowner no more than one per year, City Staff will prepare a letter notifying them of any interest that has accrued and what their current loan balance is.

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**COVINA RESIDENTIAL
REHABILITATION
GRANT/LOAN PROGRAM
HANDBOOK
(Funded using Community Development
Block Grant (CDBG) Funds)**

This project has been funded in part by the U.S.
Department of Housing and Urban Development
through the CDBG Program.

(PROGRAM POLICY MANUAL)

Adopted:	09/19/1995
Revision #1:	03/16/1998
Revision #2:	10/16/2001
Revision #3:	02/17/2009
Revision #4:	09/17/2013
Revision #5:	_____/2014

**City of Covina
Housing/CDBG Division
125 East College Street
Covina, CA 91723
(626) 384-5443**

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COVINA RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM POLICIES & PROCEDURES

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SECTION 1

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CITY OF COVINA

RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM

GENERAL PROVISIONS & CONDITIONS

SECTION 1

The CITY of Covina (CITY) is a recipient of the Federal Government's Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds which are targeted to benefit very-low, low, and moderate-income persons to eliminate slum and blight. These funds are received through a partnership with the Los Angeles Community Development Commission (LACDC). As a disbursing agent for these funds, the CITY administers a grant/loan program designed to assist eligible Homeowners in maintaining the existing housing stock of the incorporated areas of the CITY through home rehabilitation. This program consists of the Covina Residential Rehabilitation Grant/Loan Program for Very Low-, Low- and Moderate-Income Residents (Rehab Program) as defined in CDBG Bulletin Annual Income Guidelines (as revised each year).

The Rehab Program is in compliance with CDBG regulations. All activities of this program are in accordance with criteria and standards set forth in Federal regulations governing CDBG Programs, 24 CFR Part 570, as amended.

The Rehab Program provides grant/loan funds of up to a maximum of \$30,000 to owner-occupied single family detached homes and grant funds of up to \$8,000 for owner-occupied mobile homes who fall within the category of very-low, low, and moderate income, as defined by the Department of Housing and Urban Development (HUD) as equal to or less than 80% of median income for the County of Los Angeles, as amended each year.

The grant/loan program is to be used to correct health and safety issues and aid in the preservation of decent, safe and sanitary housing within the CITY limits of the CITY of Covina. This program is not a beautification program and may not be used to upgrade or beautify homes, except as a natural result of any rehabilitation performed.

The loan program is administered by CITY personnel. As such, the CITY is responsible for marketing the program, processing and packaging rehabilitation grants/loans, performing on-site inspections, and acting as a quality control agent. The Homeowner is obligated to fulfill the terms and conditions of its contract with CITY, established CITY policies and procedures as outlined in this handbook, and comply with local codes and regulations (Covina Municipal Code).

This handbook has been written as an aid to the Homeowner and Contractor in fulfilling the terms and conditions of all requirements. Under no circumstances does this handbook supersede the responsibilities outlined in the actual Homeowner contracts or any Agreement.

This program was begun by the Covina Redevelopment Agency in 1990 at which time, the

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maximum allowable expenditure was \$5,000. This was amended in 1995 to include a \$4,000 grant with an additional \$3,000 loan available. This was amended in 2001 to increase the additional loan amount available to \$6,000, for a total allowable expenditure of \$10,000 per single family home and a maximum of \$3,000 for mobile homes and a maximum interest rate to apply to loans of 3%. This was amended in 2009 which increased the grant to \$10,000 and the additional loan amount available to \$20,000, for a total allowable expenditure of \$30,000. The amount available to mobile home owners increased to a maximum of \$8,000, which is a grant.

General Provisions and Conditions for program are delineated herein.

I. GENERAL PROVISIONS/CONDITIONS FOR GRANT/LOAN PROGRAM

A. Purpose

Covina Residential Rehabilitation Grant/Loan Program shall be used to finance the cost of repairs to correct code violations or incipient violations of CITY's Municipal Code and conditions determined to be detrimental to public health and safety, as well as aid in the preservation of decent, safe and sanitary housing. The type of grant/loan offered through the Rehab Program is:

Deferred Payment Grant/Loan for Single Family Homes (3%)

For mobile home owners, \$8,000 is considered a grant. For single family homes, the first \$10,000 spent is considered a grant, which is written off over 5 years (20% each year), on the anniversary date of the project completion date, dependent upon meeting certain criteria. Any expenditure over \$10,000 and up to a maximum of \$30,000 is a loan which accrues SIMPLE interest of three percent (3%) for 10 years, beginning on the date the project is completed subject to certain criteria.

Grant for Mobile Home Rehabilitation

A grant of up to \$8,000 is available.

Marketing

The CITY shall use any marketing strategies it sees fit as part of the overall marketing strategy to contact all property owners eligible for program.

B. Applicants

Grant/Loans shall be given to eligible very-low, low, and moderate income, residential owner-occupants, who cannot otherwise obtain funding through conventional loans or other sources, to cover the cost of necessary housing rehabilitation. **The entire process, from qualifying for participation in the program to completing rehabilitation will take no longer than six (6) months.**

1. Owner-occupants, or Homeowners, shall be considered to be any person(s) that holds title to the home being rehabilitated and who is/are legally responsible for repayment of the grant/loan. In the case of

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multiple ownership, the signature of each titleholder is required on all appropriate documents. Income for all members of the household and/or any person(s) listed on title of the property in question, as defined by Section 61 of the IRS Code of 1954, as amended, governs grant/loan eligibility.

2. Applicants who have participated in the program previously must wait a minimum of ten (10) years prior to applying for assistance again. Applicants who have been participants at any time in the past shall be subject to restrictions on the total amount available as described in **Section I.G.**
3. **Conflict of Interest.** Covina Residential Rehabilitation Grant/Loans will not be granted to any member of the City Council or the governing body of the County of Los Angeles, or to any person who exercises any functions or responsibilities in connection with the administration of the Covina Residential Rehabilitation Grant/Loan Program. Members of the above stated organizations shall have no interest, direct or indirect, in the proceeds from the Covina Residential Rehabilitation Grant/Loan or in any contract entered into by the Homeowner for the performance of the work financed, in whole or in part, with the proceeds of the grant/loan. Further, any Contractor who contracts with a Homeowner agrees that any conflict or potential conflict of interest shall be fully disclosed prior to execution of the contract and shall comply with all applicable federal, state and county laws and regulations governing conflicts of interest, in accordance with 24 CFR Part 84, Sec. 84-42.

C. **Property Eligibility Requirements**

1. Homeowner shall have sufficient equity in the home to secure the grant/loan. Equity will be calculated based on using estimated value of the home as listed in www.zillow.com or any other comparable tool and by subtracting all outstanding amounts due in any lien on the home.
2. For all grants/loans, the home must be owner-occupied, as the **principal residence** of the homeowner/applicant for a minimum of twelve (12) months prior to the date of the grant/loan application. Exceptions to this requirement may be made in hardship cases at the sole discretion of the CITY.
3. The home under consideration for rehabilitation must be residential and consist of either one single family house or single mobile home on one lot. Properties with more than one unit will be considered at the sole discretion of the CITY.
4. Owner shall not have any restrictions or encumbrances that would unduly restrict the good and marketable nature of the ownership interest

as determined by the CITY. Example: Non-Revocable Trust.

5. Homeowner shall be current in mortgage payments to lender, or be able to show that regular monthly payments are being made.

D. Eligible Activities

The CITY, in its sole discretion, may focus on certain items of improvements and forego other improvements requested by the Homeowner in order to be able to serve a greater number of Homeowners.

1. Improvements that may be financed can be found in **CDBG Bulletin 06-0035** and are:
 - a. Code violations
 - b. Correction of incipient violations
 - c. Cost effective energy conservation measures, excluding solar heating, cooling and water systems
 - a. Removal of lead-based paint or any hazard conditions (*Department of Housing and Urban Development 24 CFR Part 35, 510, 511, 570 and 590, as amended)
 - e. Removal of barriers to the handicapped
 - f. Removal of rodents and roaches (pest control)
 - g. Removal of termites and repair of termite damage
 - h. General property improvements as an integral part of the rehabilitation work;
 - i. Bedroom and bathroom additions to eliminate overcrowding.
Room Additions – as funds are limited, room additions will not be considered except in extreme conditions.
2. Type of work:
 - a. Appliances:
Appliances will be considered only if the gas or electrical company determines an existing built-in stove or oven to be inoperable. Replacement requests must be accompanied by written justification and a gas/electrical company work order (code violations).
 - b. Driveways:
Driveways will be considered for grants/loans only if CITY determines that the present driveway constitutes a detriment to public health and a safety hazard. Driveway requests must be accompanied by written justification and pictures.
 - c. Sandblasting and Stucco Work:
Sandblasting or Stucco work to the exterior will be considered for grants/loans only if the exterior is damaged to the extent that it is more expedient to sandblast or stucco.

- d. Garages:
New construction of garages and carports will only be considered for grants/loans if the present garage or carport constitutes a detriment public health and a safety hazard.
- e. Flooring:
Kitchen and Bathroom. If flooring is required in kitchen and bathroom areas, single sheet linoleum type or composition is recommended. Ceramic or porcelain tile may be used if Homeowner is able to justify the cost of installing such is comparable to installing linoleum- or composition-type flooring.

Other areas of the home. Will be considered if occupant is handicapped and replacement of flooring makes it easier to ambulate within the home.

E. Ineligible Repairs

Ineligible rehabilitation repairs include cosmetic repairs, speculative income producing renovation work, luxury remodeling, and convenience repair work. Materials, fixtures or equipment of a type or quality which exceeds that customarily used in properties of the same general type as the property to be rehabilitated are ineligible. The following improvements are **not eligible** under the Program:

1. Barbecue Pits
2. Burglar Alarms
3. Flower Boxes or Planters
4. Greenhouses
5. Animal Kennels
6. Indoor/Outdoor Fireplaces or Hearths
7. Penthouses
8. Photo Murals
9. Stands (planters, room dividers, etc.)
10. Walls which serve as partial room dividers
11. Steam cleaning of exterior surfaces
12. Television Antenna
13. Tennis Courts
14. Tree Surgery
15. Drapes, Shades, Blinds
16. Exterior Window Awnings
17. Yard Sprinkler Systems
18. Storage Shed
19. Microwave Oven
20. Patios (except repairs if attached to home only and permit on file at CITY Building Department approving patio construction)
21. Wallpaper

22. Landscaping (planting flowers, plants or trees)
23. Water Purifier
24. Kitchen appliances which are designed and manufactured to be free standing and are not built-in and permanently affixed as an integral part of the kitchen in a residential structure.
25. Bathhouse, swimming pools, hot tubs, spas, jacuzzi or accessories for any of these
26. New construction except items that will remedy a public health and safety hazard
27. Purchase, installation, and repair of furniture
28. Any items considered "Luxury"
29. Any items considered to be movable

F. Type of Grant/Loans

The only type of Grant/Loan currently available for single family homes is a Deferred Payment Loan. For mobile homes, there is only a Grant program.

Deferred Payment Loans and Mobile Home Grants are available to qualified low-income applicants, whose income does not exceed 80% of County Median Income, as published on the California Department of Housing & Community Development website for "CDBG and HOME" programs.

G. Maximum Grant/Loan Amount

The maximum amount allowed for a Deferred Payment Loan is \$30,000 for a single-family home or \$8,000 for a mobile home. For a single-family home, the first 10,000 is considered to be a grant and the remaining 20,000 is a loan. However, this amount may be increased based on the extent of rehabilitation necessary to achieve the desired Housing Quality Standards if approved by Finance Director.

PRIOR participants of the program are ONLY allowed up to the current maximum amounts for the program. For instance, if a participant received a grant in the past of \$4,000, and a loan for \$1,000, the amount of money available to this participant now, would be \$6,000 in grant money and \$19,000 of loan money.

H. Interest Rate

The loan portion of a Deferred Payment Loan shall bear a 3% SIMPLE INTEREST RATE. Interest will accrue for 10 years only. Except under certain circumstances, the grant portion will not accrue interest.

The grant for mobile home rehabilitation will not accrue interest.

I. Loan Terms

1. General
 - a. The Grant/Loan shall be between the CITY and the Homeowner.

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- b. The Homeowner has the right to repay the loan portion at any time, in part or in full, without prepayment penalties.
 - c. The Homeowner must pay in full the unpaid principal of the loan plus any accrued interest that is due on the loan at the time of refinancing the single family home. Under certain circumstances, the grant may become a part of the loan and subject to repayment.
2. Deferred Loans
- a. The loan portion of the grant/loan shall bear interest for 10 years from the date of the Promissory Note. No more interest shall be added after the 10th year.
 - b. The loan payments shall be deferred during the life of the loan. No monthly payments are required. However, the Homeowner, at any time, may elect to make a minimum monthly payment of \$25.00 or more.
3. Repayment of Grant/Loan
- a. Provided that the Homeowner continues to (i) hold title to the home, (ii) reside in the home as his or her principal residence, (iii) does not refinance the home and (iv) does not transfer the home to another person, whether by sale, gift, bequest or intestate succession (except as may be allowed by CITY under **Section J.1.** below), the principal and accrued interest on the loan shall not become due and payable by the Homeowner to CITY.
 - b. Additionally, the amount of any grant for a single family home shall be written off/forgiven at a rate of 20% for each 12-month period after the project completion date that the conditions in the last paragraph are met. If the conditions are met for a period of 5 years (60 months) the grant shall be fully written off and the Homeowner shall have no obligation to repay any portion of the grant.
 - c. If the above conditions are not met, the full unpaid principal amount of the loan plus accrued interest shall be immediately due and payable to the CITY. In addition, the grant amount will no longer continue to be written off and prior amounts written off may be reversed. The grant amount shall become a loan which shall accrue interest at the rate set forth above and shall also become immediately due and payable to CITY.
 - d. Recertification of continued principal residence occupancy may be

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required to be completed for each of the five (5) years following the anniversary date of the completion of the rehabilitation.

J. Other Grant/Loan Conditions

Specific terms and conditions for a Covina Residential Rehabilitation Grant/Loan are incorporated in the **Promissory Note**, secured by a **Deed of Trust**. Additionally, Homeowner shall agree to comply with following terms and conditions:

1. Assignment and Assumption:
Covina Residential Rehabilitation Grant/Loans are generally not assignable or assumable. But the CITY may consider the following exceptions:
 - a. The title to the home has not been sold or transferred except to the Homeowner's spouse (as a consequence of marriage, dissolution of marriage, or death), or to a son, daughter and/or legal dependent that will own and occupy the home as his or her primary residence; **and**
 - b. The new Homeowner meets these eligibility criteria and his or her income is such that the loan could not be repaid by refinancing from another source without the new Homeowner exceeding his or her ability to afford his or her housing costs. Such evidence may include income verifications and written rejections or refinancing applications from lending institutions, which provide the reasons for rejection.
 - e. If it is determined by CITY that the new Homeowner is not eligible for assignment and assumption, the grant/loan shall be immediately due and payable.
2. Fire Insurance Requirements
CITY verifies fire insurance coverage at the time of applying for the grant/loan and through any rehabilitation work done.
3. Refinancing – If Homeowner decides to refinance the home, any amount outstanding for the grant/loan must be repaid at that time, unless otherwise approved by the CITY.
4. Assets – Total assets (not including home to be rehabilitated) must not be more than \$25,000.

K. Miscellaneous Conditions

1. All applicable work funded by a grant/loan shall conform to cost effective energy conservation standards.
2. In compliance with Part 570.611 of CDBG regulations, lead based paint

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products shall not be used on any project funded by a grant/loan.

3. Contractor shall keep all records of funds received from the CITY and make them accessible for audit or examination for a period of five (5) years after final payments are issued and other pending matters are closed (24 CFR Part 84, Sec. 84.53). CITY shall maintain for a period of five (5) years after the expiration of the contract with the Homeowner, complete and adequate financial records and accounts as considered necessary by the Los Angeles County Community Development Commission (LACDC) to assure proper accounting for all program funds and to support all program expenditures.
4. Contractor may not conduct any activity, including any payment to any person, officer, or employee of any agency or member of Congress in connection with the awarding of any federal contract, grant, or loan, intended to influence legislation, administrative rule-making or the election of candidates for public office during time compensated for under representation that such activity is being performed as a part of the contract responsibility.
5. It is understood that each person/entity/firm who applies for a Community Development Commission contract, and as part of that process, shall certify that they are familiar with the requirements of the Los Angeles County Code Chapter 2.160, (Los Angeles County Ordinance 93-0031); and that all such persons/entities/firms have and will comply with the County Code, and; that any person/entity/firm who seeks a contract with the Community Development Commission shall be disqualified therefrom and denied the contract and, shall be liable in civil action, if any lobbyist, lobbying firm, lobbyist employer or any other person or entity acting on behalf of such person/entity/firm fails to comply with the provisions of the County Code.
6. Executive Order 11246 requires that during the performance of any contract subject to this policy, the contractor agrees not to discriminate against any employee or applicant for employment because of race, religion, sex, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, religion, sex, color, or national origin. Such action shall include, but not limited to, the following: employment upgrading, demotion or transfer: recruitment or recruitment advertising: layoff or termination: rates of pay or other forms of compensation: and selection for training, including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contractor setting forth the provisions of this nondiscrimination clause.

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7. Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701 et. Seq., requires that to the greatest extent feasible, opportunities for training and employment be given to lower-income residents of the project area and contracts for work in connection with the project be awarded to business concerns, which are located in, or owned in substantial part, by persons residing in the area of the project.
8. Title VI of the Civil Rights Act of 1964 and Section 109, Title I of the Housing and Community Development Act of 1974, provides that no person shall, on the ground race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this Title.
9. Prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975, or with respect to an otherwise qualified handicapped individual, as provided in Section 504 of the Rehabilitation Act of 1973, shall also apply to any such program or activity.

SECTION 2

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SECTION 2

COVINA RESIDENTIAL REHABILITATION GRANT/LOAN
DETERMINING CLIENT ELIGIBILITY

I. GRANT/LOAN PROCEDURE

A. Introduction

This section delineates the steps involved in the processing of Grants/Loans and includes procedure related to the packaging of grant/loan applications, and the reviewing of the package and approval of the grant/loan by CITY.

B. Application Procedure

A **Preliminary Application** is completed by Homeowners desiring to participate in the Grant/Loan Program. Included in this form is a description of the type of rehabilitation work requested. This form is signed and dated by the Homeowner. This form is used to place the Homeowner on the CITY's waiting list. When there is available funding, the Homeowner is contacted and asked to complete a more in-depth application.

If the Homeowner is still interested in participating in the program, the Homeowner is then responsible for submitting all requested documentation to the CITY for approval.

Application Process

The following describes procedures for the handling of the grant/loan application and the packaging of the final grant/loan application. **This process will take no more than four (4) weeks to complete.**

1. Eligibility Determination

The CITY sends out the detailed application packet. Homeowner must supply the CITY with the following documents:

- (a) Completed **application**
- (b) Property tax statement
- (c) Paycheck stubs, or other income documentation for the last 3 months
- (d) AFDC, Social Security, Pension, dividends, interest for the last 3 months
- (e) Income Tax Returns for 3 years or statement of non-filing
Federal income tax returns for the previous three (3) years are required as the primary means of income verification for all grants/loans. If the Homeowner does not earn sufficient income to warrant the filing of a tax return, CITY will require a **statement of non-filing**, signed by the Homeowner in the place of the Federal income tax return.
- (f) Current mortgage statement for all mortgages on the subject home
- (g) Current fire insurance policy on the subject home

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- (h) Signed acknowledgement of receiving “**A Consumer Guide to Asbestos**”, “**Protect Your Family From Lead in Your Home**” and “**Watch Out for Lead Based Paint Poisoning**”
 - (i) Credit Authorization form
2. The CITY is responsible for explaining program details to the Homeowner and highlighting such facts as the terms, conditions, and repayment terms, as well as to make clear there are **no** required monthly payments; however, the Homeowner may elect to make a minimum monthly payment of \$25.00 or more. The Homeowner **must** understand that a lien may be placed on the subject home for the grant/loan amount until it is repaid or written off. The Homeowner must understand that the **contract is a private contract between the Homeowner and Contractor.**
 3. The Homeowner is advised that a Lead-Based Paint Inspection/Risk Assessment Report and an Asbestos Inspection Report will be required. These reports are provided at the Homeowner’s expense; any costs resulting from these inspections will be incorporated into the grant/loan.

As a part of the application package, “**A Consumer Guide to Asbestos**” and “**Protect your Family From Lead in your Home**” as well as “**Watch Out For Lead-Based Paint Poisoning**” is distributed to the Homeowner. The Homeowner must sign and acknowledge receipt of these informational packets.

A Lead Based Paint and Asbestos Containing Material Test shall be performed on each property considered for rehabilitation. The CITY’s Contractor (which shall have a valid contract in place between the CITY and the Contractor), currently Barr & Clark, shall be used for such testing. This Contractor submits completed reports to the CITY.

CITY shall provide a copy of each report to the Homeowner. The Homeowner acknowledges receipt of reports by signing “**Notice of Asbestos Evaluation, Notice of Lead Hazard Evaluation**” form which is maintained in Homeowner file.

C. Grant/Loan Review and Approval Process

The process for the review and approval of the application is described below:

1. Once all of the required documents are received, they are reviewed.
2. A copy of the current **CDBG Bulletin-Income Guidelines** is placed in the file with the computation of Homeowner total income and verification that the Homeowner qualifies based on income limits. See **Section D** below for more detailed information.

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3. A visual inspection appointment is made with the Homeowner and CITY personnel as well as a Code Enforcement Officer in order to assess the needs of the Homeowner, based on the preliminary application.
4. The CITY shall advise the Homeowner, in writing, of grant/loan approval by issuing an **Approval Letter**. This letter details the program as well as discusses the work authorized based on the visual inspection and recommendations made by the Code Enforcement Officer.
5. If the grant/loan is disapproved due to lack of justification or clarification, the Homeowner is advised in writing and given a deadline to come and pick up any supporting documentation at the CITY. If supporting documentation is not picked up by the deadline, it is shredded.

D. Applicant Income Limits

1. Gross annual family income cannot exceed 80% of the annual family median income, adjusted for family size, established by HUD for Los Angeles County. Income limits are subject to change by HUD. Income is defined as the combined income of all members of the household, as defined in 24 CFR Part 5 (Part 5 annual income) annual income as reported under the census long form, as amended.
2. The income limits for the Grant/Loan Program for Fiscal Year 2013-2014 per **CDBG Bulletin 12-0034** are shown below:

Persons Per Family	Deferred Loans (80% Median Income)*
1	\$46,400
2	53,000
3	59,650
4	66,250
5	71,550
6	76,850
7	82,150
8	87,450

*Income after adjustment for allowable inclusions and exclusions

Note: When future legislative changes are made to the definition of annual income, the change will be published in the Federal Register and agencies will be given 60 (sixty) days from the date of publication to implement the changes.

3. Income Inclusions (**CDBG Bulletin 07-0002**)
 - a. Salary Income. The full amount before any payroll deductions of wages and salaries, overtime pay, commissions, fees, tips, and

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bonuses, and other compensation for personal services

b. Self-Employment Income. The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family.

c. Personal Interest. Interest, dividends, and other net income of any kind from real or personal property:

Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of \$5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD.

d. Pension/Social Security/Disability/Supplemental Security Income. The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment.

e. Payments in lieu of earnings. Unemployment, worker's compensation, and severance pay (but see paragraph c. under Income Exclusions).

f. Welfare Assistance/General Relief. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustments by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

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- (1) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
 - (2) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.
- g. Alimony/Child Support. Periodic and determinable allowance, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling.
 - h. All regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit (but see paragraph (g) under Income Exclusions).
 - i. Rental Income. Income received from rental property.
 - j. In-Home Supportive Services. Income earned by a caregiver/caretaker providing in-home supportive services for a **different** household.
4. Income Exclusions
- a. Income from employment of children (including foster children) under the age of 18 years.
 - b. Payments received for the care of foster children.
 - c. Lump-sum additions to family assets, such as inheritance, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph c. of Income Inclusions).
 - d. Amount received by the family that is specifically for, or in reimbursement of, the cost of medical expenses for any family member.
 - e. Income of a live-in aide for the **same** household.
 - f. Amount of educational scholarships paid directly to the student or

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to the educational institution, and amounts paid by the Government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of the student. Any amounts of such scholarships or payments to a veteran not used for the above purposes that are available for subsistence are to be included in income.

- g. The special pay to a family member serving in the Armed Forces who is exposed to hostile fire.
- h. Amounts received under training programs funded by HUD.
- i. Amounts received by a disabled person that is disregarded for a limited time for purposes of supplemental security income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS).
- j. Amounts received by a participant in other publicly assisted programs that are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and that are made solely to allow participation in a specific program.
- k. Temporary, nonrecurring, or sporadic income (including gifts).
- l. Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. The following is a list of types of income that qualify for that exclusion (9/27/89 regulations):
 - (1) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977.
 - (2) Payments to volunteers under the Domestic Volunteer Service Act of 1973 (employment through VISTA, Retired Senior Volunteer Program, Foster Grandparents Program, youthful offenders incarceration alternatives, senior companions).
 - (3) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(a)).
 - (4) Income derived from certain submarginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 259)(e).

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- (5) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f)).
- (6) Payments received under programs funded in whole or in part under the Job Training Partnership Act.
- (7) Income derived from the disposition of funds of the Grand River Band of Ottawa Indians.
- (8) The first \$2,000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the Court of Claims (25 U.S.C. 1407-1408) or from funds held in trust for an Indian tribe by the Secretary of Interior (25 U.S.C. 117).
- (9) Amounts of scholarships funded under Title IV of the Higher Education Act of 1985 including awards under the Federal work-study program or under the Bureaus of Indian Affairs student assistance programs, that are made available to cover the costs of tuition fees, books, equipment, materials, supplies, transportation, and miscellaneous personal expenses of a student at an educational institution (20 U.S.C. 1087 uu).
- (10) Payments received from programs funded under Title V of the Older Americans Act of 1965 (42 U.S.C. 3056(f)).
- (11) Any earned income tax credit to the extent it exceeds income tax liability.
- (12) Payments received after January 1, 1989, from the Agent Orange Settlement Fund or any other funds established pursuant to the settlement in the In Re Agent Orange product liability litigation, MDL No. 381 (E.D.N.Y.).
- (13) Payments received under the Maine Indian Claims Settlement Act of 1980.

E. Initial Inspection to Determine Extent of Work

1. The CITY personnel and CITY Code Enforcement inspector are responsible for making an initial, on-site inspection of the property to be rehabilitated for identification of code violations (A items = code violations; B items = incipient violations, i.e., those items which must be corrected to meet codes) elimination of items creating a detriment to

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public health and safety. Code violations are identified and defined in the **Covina Municipal Code**. A **Pre-Inspection Request Form** is given to Code Enforcement Officer for notes and signature and is filed in the Homeowner file.

2. During the course of the initial inspection, the CITY personnel is obligated to take application measurements, and at least 10-12 photos of all items to be rehabilitated or corrected. Photos should include at least 1 full view of exterior of property. A **Photography Permission Form** is signed by Homeowner and placed in the Homeowner file.

F. Write-up of Rehabilitation

The CITY shall prepare a **Bid Work Write Up** for all its rehabilitation jobs.

CITY personnel will prepare and complete an accurate write-up for all items of work to be done. The **Bid Work Write Up** must include all estimated square or linear footage, room sizes, as required and necessary.

CITY Code Enforcement Officer will make notes as to any Covina Municipal Code Violations or other items for rehabilitation and sign and return this form to CITY personnel for inclusion in Homeowner Grant/Loan file. The Code Enforcement Officer's recommendations will be incorporated into the **Bid Work Write Up**.

Contingency Reserve Money

1. CITY permits a 10% contingency allowance, with exceptions, to cover unforeseen conditions arising during the rehabilitation process. An "unforeseen" circumstance means "not seen as a development beforehand" and encompasses items such as plumbing, faulty electrical, replacement of dry rot and termite infested lumber, unforeseen water damage or other conditions which cannot be determined until the actual rehabilitation has begun.
2. The 10% contingency allowance comprises 10% of the rehabilitation contract.
3. Request for use of contingency funds shall occur through the Change Order process (**See Section 3.II.I**) with CITY prior approval.

G. Application Approval/Rejection

If the application is approved, the Homeowner is notified of the approval along with a list of next steps that must be taken to continue in the program by issuing an **Approval Letter**.

If the loan is rejected, the Homeowner is notified of the reason for rejection.

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If the application and all supporting documentation is not received by CITY from the Homeowner within four (4) weeks after Homeowner is sent the application, the grant/loan will automatically be rejected.

H. **Lead Based Paint/Asbestos Containing Material Reports**

After the Homeowner is approved to participate in the Program, a **Lead-Based Paint Inspection/Risk Assessment Report** and an **Asbestos Inspection Report** are obtained. These reports are provided at the Homeowner's expense; any costs resulting from these inspections are incorporated into the grant/loan. A copy is provided to the Homeowner and receipt of such is evidenced by the "**Notice of Asbestos Evaluation, Notice of Lead Hazard Evaluation**" form.

I. **Deed Recording/Note Signing/Grant & Loan Agreement**

1. CITY personnel shall schedule date with the Homeowner for the signing of the documents listed below:
 - a. Deed of Trust (must be notarized), if applicable
 - b. Promissory Note
 - c. Residential Grant and Loan Agreement
2. CITY personnel are responsible for ensuring the accuracy and validity of the loan documents. The Homeowner shall be advised when payments are due and where to make the grant/loan payments. It is important that the Homeowner review the terms, conditions, and repayment of the program to insure the Homeowner's full understanding.
3. The borrower shall provide security for the grant/loan in the form of a Promissory Note, and if applicable, a Deed of Trust. CITY will not accept mortgage interest in the property at less than third (3rd) position on all loans.

J. **Homeowner/Project Set Up in LACDC.org website**

1. Historical Preservation/Environmental Impact Clearance
 - a. Historical Preservation, Section 106, National Historic Preservation Act of 1966 as amended (16 U.S.C. 470) mandates that all activity in which the Federal Government is directly or indirectly involved be subject to review for compliance with Section 106. In order to comply with Section 106, CITY requires that clearance be submitted for review, accompanied by a set of four (4) photos, to a Basic Property Identification Form for loan amounts up to \$24,999 and the property information. These photos will include:
 - (1) 1 front view of the dwelling to be rehabilitated
 - (2) 1 view each (total of 2) of the **houses on each side** of the dwelling to assess the architectural design of neighboring homes

- (3) 1 view of the house directly across the street from the dwelling

- b. Detailed Property Identification Form (DPI), the form must be submitted along with four photos, and property information for loan amounts at or above \$25,000.

- c. After receipt by LACDC, the form is forwarded to LACDC's CDBG Historic Preservation Planner for review and clearance. The loan consultant should allow approximately seven (7) days for clearance. In the interim, normal loan consultant processing of the loan may continue.

- d. Should the CDBG Historic Preservation Planner's review establish that the structure may be eligible or placement into the National Register, the work write-up and completed research forms are sent to the State of California Historical Preservation Office (SHPO), for official determination of National Register eligibility. The Loan Consultant shall be notified immediately. A time frame for the above is approximately 45 days.

- e. CITY shall act as a liaison between the Homeowner and the SHPO throughout the rehabilitation process, advising the Homeowner of any special requirements and documentation necessary for completion of the project.

K. Document Packaging

All grant/loan documents must be filed in hard file folders with the Homeowner name(s) indicated on the folder tab. The contents of each file will be laid out as indicated below.

LEFT SIDE (from top to bottom)

- 1. Checklist for CDBG Housing Rehabilitation
- 2. Approval Letter from CITY to Homeowner
- 3. Historical Preservation/Environmental Service Clearance
- 4. CDBG Property ID Request
- 5. HDL property information
- 6. Code Enforcement Report
- 7. Photography Permission
- 8. Lead Based Paint and Asbestos Acknowledgment (Original)
- 9. Application for Rehabilitation – Approval page only
- 10. CDBG Income Limits Bulletin
- 11. Application for Rehabilitation
- 12. Supporting documentation
- 13. Fire Insurance Policy (Copy)

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- 14. Current Property Tax Bill (Copy)
- 15. Current Property Loan Statement and Equity Calculation Worksheet
- 16. Preliminary Application for Rehabilitation

RIGHT SIDE

- 17. Bid Work Write Up
- 18. Contractor Bids for Work

LEFT SIDE

- 19. Summary of Payments Made for Homeowner
- 20. Copies of Checks and Invoices/supporting documents for Contractors
- 21. Copies of Inspection Cards/Signed Bid Work Write Up forms
- 22. Completion Notice signed by Homeowner for work being invoiced
- 23. Signed Choice of Contractor form
- 24. Copy of Agreement between Homeowner and Contractor

RIGHT SIDE

- 25. Signed Terms of Agreement Letter
- 26. Recorded Deed of Trust
- 27. Signed Promissory Note
- 28. Signed Residential Grant and Loan Agreement
- 29. Lead & Asbestos Reports

SECTION 3

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SECTION 3

**RESIDENTIAL REHABILITATION GRANT/LOAN PROGRAM
REHABILITATION INSPECTION/CONTRACTOR PAYMENT PROCEDURES**

I. INSPECTION/BID PROCESS/AGREEMENT FOR REHABILITATION

A. Inspection Process - The inspection process is described below. Responsibility for inspection activities lies with the CITY and the CITY's inspector(s).

1. CITY personnel and CITY Code Enforcement Inspector are responsible for making an initial, on-site inspection of the property to be rehabilitated for identification of code violations and other items to be rehabilitated. Code violations are identified and defined in the **Covina Municipal Code**.
2. During the course of the initial inspection, CITY personnel are obligated to take application measurements, and at least 10-12 photos of all rehabilitation to be corrected. Photos should include at least 1 full view of exterior of property, 1 photo of neighbor on each side of home as well as 1 photo of home on opposite side of street.

B. Bid Process

Each bid submitted must be for repairs and replacements that are for similar materials and replacement costs that currently exist in the home. For example, if flooring is to be replaced and is currently vinyl, the homeowner may replace with vinyl or tile at a cost not to exceed the cost of replacing with vinyl. The bid process is as follows:

1. Requests for bids are solicited by the Homeowner. Each bid package that goes out for solicitation should include the ***Bid Work Write Up*** as described in **Section 2.F**.
2. Homeowner must solicit at least three (3) bids from licensed, eligible Contractors to allow for reasonable competition. **This process will not be allowed to take more than four (4) weeks to complete. If all bids are not received within this time period, the application will automatically be rejected and the homeowner will not be able to continue participation in the program.**
3. The Homeowner is advised that they may invite a licensed California Contractor of his/her choice to participate in the bid process.
4. Any eligible bid, provided by a licensed eligible Contractor chosen by the Homeowner, may be considered. If the lowest bid Contractor is not chosen, written justification must be provided as to why the Homeowner

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is choosing the Contractor.

5. Bonus, Commission, or Fee. The Homeowner(s) shall not pay any bonus, commission or fee, for the purpose of obtaining approval of the grant/loan application, or for any other approval or concurrence required by the CITY or its agents, to complete the rehabilitation work financed, in whole or in part, with the Covina Residential Rehabilitation Grant/Loan Program.

The Homeowner shall not receive any bonus, commission or fee, also known as a “kick-back”, for the purpose of choosing one Contractor over another.

6. Discrimination
 - a. The CITY shall inform the Homeowner and Contractor of applicable laws regarding nondiscrimination based upon sex, age, race, creed, color, religion, national origin or ancestry in the awarding of the contract for rehabilitation of property assisted by the Covina Residential Rehabilitation Grant/Loan Program.
 - b. The CITY shall not discriminate upon the basis of sex, age, race, creed, color, religion, national origin or ancestry in accepting applications and processing Covina Residential Rehabilitation Grant/Loan requests.

7. Ineligible Contractors
 - a. The Homeowner shall not award any contract for rehabilitation work, to be paid for in whole or in part with proceeds from a Covina Housing Rehabilitation Loan/Grant, to any Contractor who:
 1. Does not have a current California license as a B Contractor
 2. Cannot produce evidence of current Workman's Compensation and Liability Insurance coverage, and who has been placed on HUD's, CSLB's or any other federal, state or local Debarred Contractors list.
 - b. **Any member of the Homeowner's family is considered ineligible, regardless of credentials or license.** Any ineligible Contractor found working at the job site will be removed immediately, without compensation. If payment was inadvertently made to an ineligible Contractor, the **Homeowner** will be held responsible for immediate repayment of the funds to the CITY, and for any and all costs incurred related to the correction and the rectification of the problem.

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Family is defined as parents, children, siblings, uncles/aunts and cousins.

8. Homeowner as Contractor
Homeowner can do the work on their home, except in those areas where the building and other applicable codes require a licensed contractor. If Homeowner does the work, reimbursement can ONLY be received for cost of materials. Material purchases MUST BE pre-approved by CITY.

C. Review of Bids

1. All bids are provided to the Homeowner by the Contractors. Once all bids are received, the bids are then turned in to the CITY. The CITY must check the documents for completeness, insuring that they are dated and properly signed by an officer of the Contractor's firm.
 - a. A bid comparison sheet, itemizing each item of work will be prepared by the CITY for comparison of prices when reviewing bids.
 - b. All bids received are reviewed with the Homeowner. Recommendation can be made by the CITY based on the lowest and most responsible bid and the Contractor's past performance. However, it is the Homeowner's responsibility to review the bids and Contractor and to decide on a Contractor. The City will inspect the work performed by the Contractor and ensure that it complies with the Covina Municipal Code. However, City makes no guarantee as to the quality or workmanship of the Contractor's work and assumes no responsibility of liability for such issues.
 - c. Homeowner decides on a Contractor and signs the **Choice of Contractor** letter.
2. The selected bidder (Contractor) must provide the following:
 - a. Tax identification number (Social and/or IRS No.) by completing Form W-9 and California Form 590
 - b. For each Homeowner's rehabilitation, Contractors are checked on www.cslb.ca.gov/onlineservices/checklicenseii/checklicense.aspx website for current license and workers' compensation insurance.

Any Contractor with lapsed insurance or Contractor's license shall not be considered for the job or shall be removed from the job until he/she is able to provide proof of current insurance and/or license.

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- c. Contractors are also checked on the federal debarred website www.sam.gov for debarment from Federal projects (**CDBG Bulletin 13-0002**) and on any state or local debarred website.
 - d. Proof of Covina Business License.
- 3. Should the Homeowner insist that the contract be awarded to a Contractor other than the low bidder, a statement of justification signed by the Homeowner will be included in the file.
 - 4. In cases in which the Homeowner selects a Contractor whose estimated costs are so low that they may not cover the actual cost of improvements, it is incumbent upon the CITY to discuss with Homeowner the problems which often arise with such bids and attempt to dissuade Homeowner from accepting the bid.
 - 5. Homeowner Contributions
 - a. Homeowner contributions for the purpose of choosing a Contractor that is not the lowest cost will be considered. Requests must be accompanied by a written justification from the Homeowner and a statement signed by the Homeowner revealing the source of the additional funds and the Homeowner repayment schedule
 - b. Homeowner contributions, for the purpose of upgrading items and materials and the addition of items considered "luxury items" in the rehabilitation contract may be considered. CITY will consider Homeowner contributions on a case-by-case basis. Requests must be accompanied by a written justification from the Homeowner and a statement signed by the Homeowner revealing the source of the additional funds and the Homeowner repayment schedule.
 - c. If approved by CITY, the Homeowner shall pay the amount of the Homeowner's contribution directly to the Contractor.

D. Agreement for Rehabilitation

The CITY shall obtain a copy of the Contract between the Contractor and Homeowner. The completed contract between the Homeowner and the Contractor shall consist of an Agreement and the Contractor's Bid for Rehabilitation.

II. PRE-CONSTRUCTION CONFERENCE

The CITY, the Homeowner, and the Contractor shall meet at a Pre-Construction Conference to review all phrases pertinent to the documentation of the grant/loan,

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rehabilitation work authorized, change orders, inspections, payments, contingency money, contract extensions, deviations, "side-deals" and Final Close Out of the loan. Other points covered in the discussion will include items in the contract, the scope of the work to be performed, and the nature of the potential inconvenience to the property owner. The CITY and Homeowner shall clarify terminology in the standard contract, such as paint grade and paint selection. Additionally, all parties involved in the rehabilitation should understand the following:

A. Responsibilities

The contractor is to furnish all material, equipment and labor to complete the work in a workmanlike manner as per the practice of the trade.

The Contractor shall be fully responsible to the Homeowner for the acts and omissions of all Sub-contractors and/or persons directly or indirectly employed by him/her.

The Contractor shall be responsible for coordinating the operations of all trades, Subcontractors and material persons engaged upon the Contract. Contractor shall guarantee to each of his/her Subcontractors the locations and measurements which they may require for their work. Contractor shall verify on job site, all specifications of the project and immediately notify the City and Homeowner of any discrepancies. Contractor shall be held responsible for all such verifications. Any item of work not specifically set forth in the scope of services attached as part of Contract as "Contractor's Proposal", but which is necessary for the completion of the project, shall be supplied and set in place at the expense of the contractor as though it has been shown or indicated on "Contractor's proposal".

Color, model, style, and manufacturer of all fixtures, appliances, hardware and all other products used in the rehabilitation work which has not been specified in the "Contractor's Proposal" shall be approved and/or selected by Homeowner.

B. Permits and Codes

Contractor shall be responsible for securing all applicable work permits from appropriate agencies and a City of Covina Business License prior to commencing work. All work shall be accomplished per City of Covina and applicable Building and Safety and Health codes and/or State of California Housing Codes. Contractor represents and warrants that he/she possesses a valid contractor's license issued by the State of California, as well as any specialty licenses required for the project.

C. General Guarantee and Warranty

The Contractor warrants that all materials, fixtures, and equipment furnished by Contractor and the Subcontractors shall be new of good quality, and of good title. Further, that all manufacturers and supplier's written guarantees and warranties shall be delivered to the Homeowner. Neither the final payment nor

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partial or entire use of the material, fixture or equipment repaired or supplied by the Contractor shall constitute an acceptance of work done in accordance with Contract or relieve the Contractor of liability in respect to any expressed warranties or responsibility for faulty materials or workmanship. The Contractor shall promptly remedy any defects in the work, and pay for any damage to other work resulting therefrom, which may appear within a period of one year from the date of final acceptance of the work unless a longer period is specified. The Homeowner shall give written notice of observed defects to the City and Contractor with reasonable promptness.

D. Conflicts

The Contractor and Homeowner is/are responsible for resolving any conflicts that arise during the performance of the rehabilitation. Only after the Contractor and Homeowner have made a good faith effort to resolve their differences should the CITY representative be called upon to assist. The CITY representative shall review all facts carefully and objectively, and all parties must agree to abide by the findings or pursue formal mediation.

Any controversy or claim arising out of or relating to the Homeowner's rehabilitation contract, or the breach thereof, may be settled in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction thereof. It is, however, the Homeowner's responsibility to attempt to resolve or minimize all disputes relating to the quality of the work or time performance.

E. Breach of Conditions

Notwithstanding any other provision in the contract between the Contractor and the Homeowner, the following terms shall govern: In the event the Contractor shall fail or refuse to complete the work as set forth in the approved Bid, or fails or refuses to use due diligence in performing the required alterations and improvements, and in the further event that such failure, refusal or default continues for 24 hours after delivery to Contractor of a written notice to cure such default, then the Homeowner may terminate this contract by written notice to Contractor, and upon delivery of such notice, Contractor shall immediately surrender possession of the premises and remove all of his/her equipment and material there-from. Contractor shall, upon such termination, deliver material and labor lien releases, executed by all persons, and firms supplying labor and/or materials to premises, and CITY shall be obligated to pay Contractor only for each individual portion of the work completed by Contractor and accepted by Homeowner to the date of termination. Full payment shall be made to Contractor only after the total job has been completed and under the terms and conditions as set forth in this Agreement.

In the event of such termination, the Homeowner may, in addition to all other

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remedies, call upon Contractor's bonding company to complete the work provided a bond has been procured. No payment made under contract shall act as a waiver of the right of Homeowner to require fulfillment of all of the terms of the Contract.

F. Hold Harmless

As an independent Contractor, of the Homeowner and recipient of program funds, the Contractor holds no claim against the CITY of Covina, their agents, employees and officers from any and all claims, liabilities, damages, and losses arising from the rehabilitation work performed herein by Contractor including the materialmen, laborers and any other person, firm or corporation furnishing or supplying work, services, materials, or supplies in connection with the rehabilitation work under this Agreement and from any claims, liabilities, damages and losses for worker's compensation arising from the performance of the rehabilitation work under this Agreement by the Contractor or any Subcontractor.

G. Property Access/Maintenance

Homeowner shall provide access to property Monday through Friday between 8:00am and 5:00pm. If Homeowner is not available during these hours, Homeowner will make necessary accommodations for access to the home, in order not to cause Contractor and delay in completing scheduled work.

Also,

1. The Homeowner is responsible for property maintenance during the time that rehabilitation work is being performed on the property.
2. The Homeowner must be advised that rehabilitation work shall not be impeded because of unmaintained property or general sloppiness, and those items of value, including pets, must be secured.
3. Contractor shall schedule and perform his work in such a manner as to cause minimum inconvenience to the Homeowner that continues to occupy the premises during proposed work. However, such occupant shall cooperate with and aid the Contractor by vacating work areas where required and assisting in the removal and replacement of rugs, coverings, and furniture as necessary. Notification to the occupants should be given at least twenty-four (24) hours in advance of request by Contractor.
4. The Contractor and his employees provide adequate protection to the Homeowner property, both interior and exterior, during rehabilitation process. This includes covering the furniture and protecting the flooring during sanding and painting, protecting plants during sandblasting and painting, etc. The Contractor shall not use the Homeowner personal

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property, such as towels, sheets, shovels, tools, etc.; the Contractor must supply his own tools, and furniture cover. CITY's responsibility includes notifying the Contractor that he/she will be held responsible for the repair and replacement of ruined property. The Contractor shall keep the premises clean and orderly during the course of work.

- 5. Surplus materials delivered to the job site and all materials, fixtures, and equipment removed as required by the work and not reused, shall remain or become the property of the Contractor and its Subcontractors. Such materials, as well as all rubbish and debris resulting from Contractor's operation shall be removed from the job site promptly. On completion of the project, property is to be left in a clean manner and all debris from construction is to be removed and disposed of from property.

H. Sign Contracts

After mutual agreement with terms in Contract between the Contractor and Homeowner is reached, the Contractor and the Homeowner sign the Contract and provide a copy to City. Work must begin within two (2) weeks of signing the Contract or Contractor risks the possibility of being substituted as described in **Section III.2.J.**

- 1. Time allowed for the rehabilitation process is as follows:

Contract less than	\$10,000	=	30 days
Contract between	\$10,000 - \$15,000	=	45 days
Contract over	\$15,000	=	90 days

If the process is not completed by the time above, payment may be reduced pursuant to **Section 3.III.B.2** below.

Exceptions: Time of year and nature of rehab work should be taken into consideration.

I. Change Orders

- 1. Change orders are the responsibility of the Contractor. CITY shall review all change order requests, and reserves the right not to pay for any change order request it considers outside the scope and guidelines of CITY's Covina Residential Rehabilitation Loan/Grant Program.
- 2. CITY does not consider change order requests as standard rehabilitation procedure. Change order requests must be granted solely in cases where unforeseen circumstances arise during the rehabilitation process, (plumbing, faulty electrical, replacement of dry rot and termite infested lumber or other conditions which cannot be determined until the actual rehabilitation has begun). A CITY inspector shall make site inspections, when necessary, for clarification. Change orders may occur at any time during construction.

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3. All change orders must be approved by CITY **before** CITY will pay for such work. No change order will be approved if submitted along with progress payment or final payment and are not approved by CITY prior to payment request.
4. CITY shall pay for no more than **two change orders per job**, provided those Change orders meet the above criteria. **Change order requests will not be granted for "trade-offs" with the Homeowner.** Additional work negotiated between the property owner(s) and the Contractor shall not be covered by a change order, but may be accomplished through a separate financial arrangement between the Contractor and the Homeowner. This work must be done subsequent to the completion of the CITY rehabilitation contract.
5. The CITY must be cognizant of change order items that require permits. Should a change order item require an additional permit, it is the CITY's responsibility to ensure that the Contractor obtains that permit subsequent to the item approval and prior to the commencement of work.

NOTE: CITY does not allow Contractor overhead and profit on Change orders nor does it allow deletion of code items identified in the initial inspection by the CITY. CITY does not allow a Change order request on any item previously paid to the Contractor.

6. A change order justification shall include:
 - a. Activity and item to be modified (deletion or addition)
 - b. Cost or credit to property owner
 - c. Contractor's written and/or visual justification for change
 - d. Signature of property owner(s) and Contractor prior to submittal to CITY for approval
 - e. Change order number (#1, or #2).
7. When a change order item is modified and/or denied by the CITY, the Contractor shall notify the Homeowner of the modification and/or deletion.
8. Should a Change Order request exceed the contingency allowance, the Homeowner shall cover the excess amount by contributing their own funds. If they are unable to pay the additional money, the Homeowner shall scrutinize the **Bid Work Write Up**, prioritizing items in order to delete those items of less immediate need. Homeowner then shall decide what items to delete from **Bid Work Write Up** in order to move forward with the Change Order.

J. Substitution of Contractor

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In the event that the Homeowner and the Contractor have a dispute that they cannot resolve, the Contractor may be released from any work not yet complete, as long as the Homeowner, Contractor and the CITY agree. A Change Order will be used to reduce the amount of money due the Contractor for any unfinished/unpaid items.

In the event the Contractor shall fail or refuse to complete the work in a professional manner or fails to use due diligence in performing the required work, the Homeowner may terminate the Contract with the Contractor. Such termination shall be done in accordance with **Section 3.II.E above**. The Homeowner will be provided appropriate assistance from the CITY in completing the necessary termination notice.

- a. No commencement by original Contractor-substitute Contractor:
 - (1) A note to the file is used to indicate, that the original Contractor will not be performing the rehabilitation and the reason(s) for which a substitution of Contractor is being requested.
 - (2) The Homeowner shall obtain a substitute Contractor willing to perform the rehabilitation (preferably the second lowest bidder). The Homeowner is encouraged to negotiate the total or remaining contract balance with the new Contractor to assure that the contract does not exceed the available rehabilitation dollars.
 - (3) A new Contract and Contract Bid Information, Contractor's license, general liability and Workers' Compensation Insurance, are prepared and filed in the Homeowner's file.
- b. Noncompliance by the original Contractor-substitute Contractor:
 - (1) The Homeowner must inspect the job, compiling a list of incomplete or unacceptable items to determine the extent of work to be completed by the substitute Contractor.
 - (2) CITY is notified by means of a Homeowner generated memo or phone call that the original Contractor has not performed according to the Contract. The memo lists the initial steps taken by the Homeowner to resolve the problem. CITY will then try to resolve noncompliance related problems. If unsuccessful in resolving conflict/noncompliance, Homeowner will notify Contractor of termination as described in **Section 3.II.E above**.
 - (3) A meeting must be held between the CITY, the Homeowner and the original Contractor (if possible) at which time a method of Contractor payment is established and a Change Order form is signed by both the Homeowner and the Contractor to terminate the contract. Justification for the substitution, the method of

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payment to the Contractor, and the amount of funds paid must be stipulated in memo form. Funds withheld from the original Contractor, until the rehabilitation is completed, must be discussed. Lien releases and invoices from the original Contractor and sub-Contractors must be attached to all payments made.

- (4) A revised ***Bid Work Write Up*** is prepared, based upon the Homeowner or CITY inspection findings, and a substitute Contractor is hired to do the remainder of the rehabilitation work. The Homeowner is encouraged to negotiate the total contract with the new Contractor to assure that the new Contractor does not exceed available rehabilitation funds.
- (5) The substitute Contractor must provide a Contract before beginning any work.
- (6) No further rehabilitation is to commence until the Change Order, releasing the original Contractor from his contractual obligations, is on file at CITY, and a new contract is drawn and signed between the substitute Contractor and the Homeowner.

The revised write-up shall contain only those items necessary to complete the job. The substitute Contractor must show proof that he/she is currently insured and licensed.

- (7) CITY shall be advised if the Homeowner encounters any problems in the resolution of the substitution of Contractor.

III. CONTRACTOR PAYMENT PROCEDURE

A. Rehabilitation Payments

1. Disbursement of Rehabilitation Funds. The Homeowner shall agree to permit the CITY, its agent or designee, to act as disbursement agent for funds granted/loaned through all Covina Residential Rehabilitation Grant/Loan Programs, and to permit the CITY, its agent, or designee, to disburse such funds in the form of a single party check payable to the Contractor.

The Homeowner does not have the option of determining when the Contractor shall be paid. The CITY will determine when payment is to be made to Contractor, in accordance with this Policy.

2. After the Contract is signed by the Homeowner and Contractor, CITY shall enter the Contract amount as a Purchase Order into the financial system in order to encumber the funds.

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3. The Contractor's request for payment is to be submitted to CITY as an invoice only for items on the original bid that have been completed. CITY staff reviews the invoice and processes the request for payment. All checks will be mailed to/or picked up by the Contractor. All payment checks shall be single party checks make payable directly to the Contractor. Estimated turn-around time for Contractor payment is fourteen (14) days.

Circumstances may arise in which turn-around exceeds normally scheduled fourteen (14) days; these occasions will be exceptions, **not the rule.**

All payment packages must include:

- a. Request for Payment or itemized invoice from the Contractor
- b. Completed **Certificate and Release of Lien.**
- c. Completed List of **Sub-Contractors and/or Material-Men** form accompanied by material and labor releases from all sub-Contractors and materials suppliers.
- d. Contractor shall have CITY Inspector sign the **Bid Work Write Up - Inspection** form or itemized invoice indicating that the items completed have been inspected by CITY Inspector. A copy of the **Bid Work Write Up - Inspection** or itemized invoice with CITY Inspector signature shall accompany each payment request.
- e. Certifications and Warranties, if applicable
- f. Permits/Plans
CITY requires that all pertinent permits be obtained prior to the commencement of the rehabilitation. A copy of **permit/inspection card** shall be included as part any payment package. It is the CITY's responsibility to review payment package for completeness, prior to submission to accounts payable for payment, to avoid delay in processing and duplication of work and effort.

In addition to permits, the Contractor must submit a copy of preliminary drawings for projects requiring a room addition. A copy of the final plans approved by CITY Building department must also be submitted to CITY.

- g. Payments

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Incomplete packages shall be returned to the Contractor for completion prior to processing.

4. When a Contractor payment request is submitted to CITY for payment, the CITY will ensure that all work is in accordance with applicable Codes, as evidenced by CITY Inspector signature on accompanying ***Bid Work Write Up – Inspection*** or itemized invoice. If the rehabilitation involves an addition, progress payments will only be made when at least one-third (1/3) of the major construction is completed.
5. Job Site Inspection/Quality Control
 - a. The CITY shall inform the Homeowner of their responsibility to permit inspection for compliance with CITY's Municipal Code, by the CITY, its agents or designees, on the property to be rehabilitated. The Homeowners shall also permit any additional inspections necessary by CITY personnel and the Building department, relative to the property, the rehabilitation work, all contracts, material, equipment, payrolls and conditions of employment pertaining to the work.
 - b. CITY personnel shall take pictures of all completed work for the file and visually inspect the work done to ensure that work that was quoted has been done.
 - c. The CITY inspector from the Building department shall inspect all work that requires a permit and a copy of the permit card shall be turned in with each request for payment by the Contractor. It is the Contractor's responsibility to get the Building inspector to inspect and indicate this with a signature.
 - d. The CITY shall require the Homeowner to sign a ***Completion Notice*** form indicating satisfaction or dissatisfaction with the completed job for all rehabilitation jobs for which payment has been requested. **In addition, CITY shall perform inspections without Homeowner notification, and shall make random or specific inspections when deemed necessary for quality control.**

B. Time Extension of Agreement for Rehabilitation

1. Part of the CITY's monitoring function is to insure that the job does not exceed the time period allocated for completion; **it is the Homeowner's and CITY's responsibility to be aware of overdue completion dates.**
2. If the Contractor does not finish in the time defined in in Section 3.II.H., for each day that the Contractor does not finish, one percent (1%) will be

deducted from the final payment.

3. The CITY recognizes that there are extenuating circumstances, which warrant a Time Extension of Agreement. The Contractor must provide written justification to the CITY and the Homeowner explaining the delay. CITY determines whether the extension is approved or disapproved.
4. Only one (1) extension will be allowed by CITY per Contractor. If more than one (1) extension is requested the Contractor will be cited for non-compliance with CITY Procedures and may be removed and substituted.

C. Monitoring

1. The Monitoring Program is a mandated function required by HUD. The CITY has monitoring responsibilities designed to measure and evaluate performance.
 - a. The CITY's monitoring responsibilities related directly to the Contractor and rehabilitation. CITY personnel operate as quality control agent whose primary monitoring functions are to:
 - (1) Insure that all work performed by the Contractor is performed in compliance with CITY's Municipal Code, and the Contract.
 - (2) Be familiar with all aspects of the rehabilitation to preclude expensive repairs and added expense occurring down-the-line due to lack of monitoring and quality control. Ask for guidance from CITY inspector where needed, to gain an understanding of the repair.
 - (3) Periodically make unannounced inspection of the job site to ensure that the Contractor is on the job and that the work is progressing according to schedule.
 - (4) Conduct spot inspections to insure professional and satisfactory workmanship by the Contractor and those materials used in the rehabilitation are standard grade or better.
 - (5) Inspect the job site prior to request for Contractor payment to insure that the Contractor has completed all the work for which payment has been requested.
 - b. Since job site inspections and familiarity with all aspects of the rehabilitation are mandatory functions of the monitoring process, **CITY personnel shall be responsible for detecting deviations** from the Rehabilitation Contract and for **detering "side deals"**

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between Contractors and Homeowner during the contract period. Additional monitoring responsibilities are as follows:

- (1) Mediate disputes occurring between the Contractor and the Homeowner during the contract period. CITY shall be appraised, by means of a Homeowner generated memo to file, as to the character of the dispute and its resolution.
- (2) Insure that the Contractor, prior to the beginning of the rehabilitation work, pulls all pertinent permits.
- (3) Insure that all Contractors have proof of current California B licenses, worker's compensation and liability insurance. If any Contractor is working without a current license or with lapsed worker's compensation or liability insurance, the Homeowner is obligated to pull the Contractor off all jobs in progress until the Contractor can supply the CITY with proof that the above is current.

D. Rehabilitation Final Payment

When the rehabilitation is completed, the Contractor obtains Final sign-off from Building and Safety, and the CITY inspector performs a Final inspection of the rehabilitation to assure that the work has been completed as set forth in this Policy and the Covina Municipal Code. If the completed work is satisfactory and the Homeowner has signed the Owner's **Completion Notice**, a Request for Final Payment may be submitted to CITY by the Contractor. The Request for Final Payment includes:

1. Invoice/request for payment.
2. **Bid Work Write Up - Inspection** form signed by CITY Inspector.
3. **Certificate and Unconditional Release of Lien** form signed by the Contractor. Certificate and Release of Lien and any applicable work permits evidencing that the job has been inspected by the appropriate agency and "signed off" or "finalized". Certificate of Unconditional Release of Lien will set forth the undisputed balance due from City and Homeowner, if applicable, under the Contract and Change Orders; a certification that the work under the Contract and Change Orders has been performed in accordance with the terms thereof, and that there are no unpaid claims for materials, supplies or equipment, and no claims of laborers or mechanics for unpaid wages arising out of the performance of the contract; and a statement that in consideration of the contract, Contractor releases the Homeowner from any and all such claims arising under or by virtue of the Contract. If the Homeowner has a balance due, Contractor shall identify on the

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Certificate of Release of Lien the amount remaining outstanding, and provide a lien release to the Homeowner upon payoff.

4. **List of Subcontract and/or Material-Men** form accompanied by material and labor releases from all sub-Contractors and material suppliers, i.e., lumber companies, home improvement centers, etc.
5. Certification and Warranties, if applicable.
6. Copy of City/HCD issued **Inspection Card**.
7. Signed **Owner Completion Notice** (Obtained by CITY personnel).

E. CITY Inspection at Final

CITY personnel shall make an independent inspection of the job site upon the completion of the project. This inspection shall be coordinated with the Homeowner, which arranges access to the job site for CITY personnel. Pictures will be taken of items completed and **Owner Completion Notice** will be obtained.

If there are any items that need to be corrected by the Contractor, CITY personnel will be responsible for coordinating the communication with the Homeowner and Contractor on these items.

IV. CLOSEOUT OF THE PROJECT

A. Disbursement Printout Sheet

The CITY will prepare a detailed disbursement sheet which will reside in each Homeowner's file. This will detail each payment made for the project and total the amount paid by the CITY on behalf of the Homeowner.

B. Close Out Letter

Once CITY is satisfied with Contractor's performance and has the **Owner Completion Notice** letters signed by the Homeowner, CITY will mail a cover letter to the Homeowner along with document copies of the rehabilitation grant/loan. These documents include all recorded documents, warranties and guaranties, releases and other pertinent documents.

C. Close Out in LACDC.org

Once CITY has made all payments on Homeowner project, the Contractors and payment amounts are entered into the LACDC.org system. This will then forward the projects to the LACDC for inclusion as a completed project for the Quarterly Performance Report prepared.

SECTION 4

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SECTION 4

CITY FUNDING REQUEST/REPORTING PROCEDURES

I. CITY FUNDING REQUEST

A. Preparation

Financial system reports will be used for preparation of monthly funding requests. Copies of all invoices and payment checks will be maintained in project file behind each month's funding request copy.

B. Submission

CITY funding requests are to be submitted a minimum of **once a month**.

C. Receipt of reimbursed funds by LACDC to CITY

When funds are electronically deposited, Finance Manager will forward notice and Management Analyst over CDBG program will prepare a cash receipt with account numbers to be given to CITY cashier for entry into financial system.

II. Remittance of Repaid Loans and Interest Amounts

Return Funds Transmittal Form will be completed for any payments being returned to LACDC. A copy of the Transmittal form will be enclosed with payment check. Upon receipt, LACDC will credit the CITY's CDBG funds. Remittance will be completed at least **once a month**, using CDBG Bulletin 13-0014, if there is anything to return.

III. Quarterly Performance Reports to LACDC

Once a quarter, a description of what has transpired during the quarter will be entered into the LACDC QPR automated system.

IV. Tracking administrative costs

As personnel and non-personnel costs are charged to the program, the "Admin Percentage Calculation" Worksheet will be used to determine the percentage of administrative costs incurred to date. This worksheet is updated each month when Funding Requests are prepared. Should the administrative costs exceed 20% of program, administrative costs will be monitored closely and if at the end of the year it still exceeds 20%, administrative costs will be moved to another funding source.

V. Tracking of the Outstanding Loans

Homeowner files are kept upstairs as long as there is an amount outstanding. Annual letters are sent to each homeowner to notify them of any interest that has accrued and what their loan current balance is.

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CC Regular Meeting **AGENDA ITEM REPORT**

Meeting: February 6, 2024
Title: Resolution CC 2024-03 Accepting the Public Improvements Associated with Parcel Map No. 82493 Located at 667 E. Puente Street
Presented by: Andy Bullington, Director of Public Works
Rafael M. Fajardo, Deputy Director of Public Works/City Engineer
Recommendation: Adopt Resolution CC 2024-03 accepting the public improvements associated with Parcel Map No. 82493 located at 667 E. Puente Street.

EXECUTIVE SUMMARY:

Resolution CC 2024-03 (Attachment A) is presented for the City Council’s consideration to accept public improvements associated with Parcel Map No. 82493 located at 667 E. Puente Street. The City Engineer has determined that all public improvements required with the Parcel Map’s conditions of approval have been constructed in compliance with the improvement plans and City standards. The developer has also provided the required warranty bond related to these public improvements.

BACKGROUND:

In 2019, the developer submitted to the City an application for approval of a Tentative Parcel Map that consisted of a 0.48-acre development containing two (2) residential parcels. The Covina City Council conditionally approved the Tentative Parcel Map on November 5, 2019.

On September 1, 2020, the City Council adopted Resolution CC 2020-77 approving the recordation of Parcel Map No. 82493. Prior to recordation of the Parcel Map, a Subdivision Improvement Agreement was executed and surety bonds were provided to secure the construction of the required public improvements.

DISCUSSION:

The City Engineer has determined that all public improvements required as conditions of approval for Parcel Map No. 82493 have been constructed in substantial compliance with the improvement plans and all applicable City standards. The developer has provided a Warranty Bond in the amount of 20% of the cost of the public improvements to cover a one-year warranty period in which defects must be corrected. The City Engineer will release the warranty security in accordance with Section 12.0 of the Subdivision Improvement Agreement after the warranty requirements are satisfied.

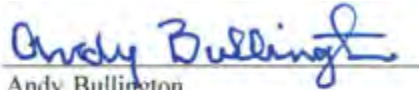
FISCAL IMPACT:

The Public Works Department will assume the maintenance costs for the public improvements that were constructed by Parcel Map No. 82493. Maintenance of the parkway landscaping and all private improvements outside of the public right-of-way are the responsibility of the individual property owners.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

During the review process, the City Council adopted Resolution No. 19-107, determining that the proposed project is categorically exempt in accordance with Section 15315 of the California Environmental Quality Act (CEQA).

Respectfully submitted,


Andy Bullington
Director of Public Works


Rafael M. Fajardo
Deputy Director of Public Works/City Engineer

RESOLUTION CC 2024-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, ACCEPTING THE PUBLIC IMPROVEMENTS ASSOCIATED WITH PARCEL MAP NO. 82493 LOCATED AT 667 E. PUENTE STREET

WHEREAS, the City of Covina is a municipal corporation duly organized and existing pursuant to the Constitution and laws of the State of California (“City”); and

WHEREAS, On September 1, 2020, the City Council adopted Resolution CC 2020-77 approving the recordation of Parcel Map No. 82493 located at 667 E. Puente Street; and

WHEREAS, the City Council and Susan Vanderpool (“Applicant”) entered into a Subdivision Improvement Agreement which as recorded on September 17, 2020 as Instrument No. 20201133624 in the Official Records of Los Angeles County; and

WHEREAS, the Agreement requires the Applicant to construct certain public Improvements for Parcel Map No. 82493; and

WHEREAS, in accordance with Section 13.0 of the Agreement, the Applicant posted surety bonds to guarantee construction of the required public improvements; and

WHEREAS, all public improvements required as conditions of approval for Parcel Map No. 82493 have been constructed in substantial compliance with the improvement plans and all applicable City standards, and the City Engineer has recommended to the City Council the acceptance of such improvements; and

WHEREAS, the Applicant has provided the required warranty security for Parcel Map No. 82493 and has requested that the City authorize the release of improvement securities.

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

SECTION 1. Pursuant to Section 11.0 of the Subdivision Improvement Agreement between the City and the Applicant, the City Council hereby accepts the public improvements constructed by the Applicant.

SECTION 2. All securities furnished by the Applicant to guarantee the construction of the public improvements shall be returned as the project is complete and accepted by the City.

SECTION 3. This resolution shall constitute the starting day for computing the one-year warranty provisions per Section 13.3 of the Agreement. After one year, the City Engineer may release the warranty security upon completion of all corrective items.

SECTION 4. The Applicant shall file with the Recorder’s office of the County of Los Angeles a Notice of Completion for the accepted public improvements in accordance with California Civil Code Section 8182.

SECTION 5. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

APPROVED and **PASSED** this 6th day of February, 2024.

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution CC 2024-03 was duly adopted by the City Council of the City of Covina at a regular meeting held on the 6th day of February, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk



CC Regular Meeting

AGENDA ITEM REPORT

Meeting:	February 6, 2024
Title:	Traffic Signal Improvements Project – Barranca Avenue and Covina Boulevard (Project No. P2308) – Final Acceptance and Filing Notice of Completion
Presented by:	Andy Bullington, Director of Public Works Rafael M. Fajardo, Deputy Director of Public Works/City Engineer
Recommendation:	1. Accept the work performed by PTM General Engineering Services, Inc.; and 2. Authorize the City Clerk to file a Notice of Completion for the Traffic Signal Improvements Project at Barranca Avenue and Covina Boulevard (Project No. P2308).

EXECUTIVE SUMMARY:

Accept the work performed by PTM General Engineering Services, Inc. and authorize the City Clerk to file a Notice of Completion (Attachment A) for the Traffic Signal Improvements Project at Barranca Avenue and Covina Boulevard (Project No. P2308).

BACKGROUND/DISCUSSION:

On November 1, 2022, the City Council approved a contract for PTM General Engineering Services, Inc. to construct a new traffic signal at the intersection of Barranca Avenue and Covina Boulevard in an amount not-to-exceed \$541,041. The scope of the project was to upgrade the traffic signal located at Barranca Avenue and Covina Boulevard by adding left turn pockets at the four legs of the intersection, new poles, a camera system and other appurtenances.

During construction, the need for additional work not included in the original scope of work was identified by the City. As a result, the City Engineer reviewed and approved the following change order which increased the overall contract amount by \$36,370.75:

- **Change Order No. 1:**
 - Deletion of Omni Software
 - Pole Mast Arm
 - Conduit Trench for SCE Plan Compliance
 - Additional Sidewalk PCC
 - SCE Invoice

FISCAL IMPACT:

The Traffic Signal Improvements Project at Barranca Avenue and Covina Boulevard was included in the adopted FY 2022-2023 Capital Improvement Program with a total allocation of \$500,000 from Traffic Impact Fees Account No. GL 4705-2200-55310-P2308. Additionally, Resolution CC 2022-118 appropriated \$140,000 in additional funding from the available Proposition C Fund Balance to Proposition C Account No. 2405-2200-55310-P2308, for a cumulative project budget of \$640,000. Project funding was subsequently rolled over to FY 2023-2024 due to supply chain challenges impacting the project schedule.

The following table represents the final project summary:

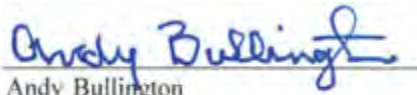
Item	Actual
Project Appropriations	\$640,000
PTM General Engineering Services Inc. – Contract Amount plus Change Orders	(\$577,441.75)
Siterep Construction Services, Inc (Construction Management and Inspection Services)	(\$25,000)
Design Engineering Services (RKA Consulting Group)	(\$21,783.95)
Advertising (SGV Examiner)	(\$550.00)
Bear Electrical Charges	(\$2,000)
Total Expenditures	(\$626,775.70)
Total (UNDER)/OVER BUDGET	\$13,224.30

The \$13,224.30 savings from the Traffic Signal Improvements Project at Barranca Avenue and Covina Boulevard will be reallocated to the Proposition C Fund Balance for future projects.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

This project was determined to be categorically exempt under CEQA in accordance with Title 14, Chapter 3, Class 1, Sections 15301 and 15302. This exemption included the minor alteration of existing public facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. The project involves negligible or no expansion of an existing use.

Respectfully submitted,


 Andy Bullington
 Director of Public Works


 Rafael M. Fajardo
 Deputy Director of Public Works/City Engineer

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

NAME City of Covina
STREET ADDRESS 125 E College Street
CITY Covina
STATE CA
ZIP CODE 91723

SPACE ABOVE THIS LINE FOR RECORDER'S USE

NOTICE OF COMPLETION

Notice pursuant to Civil Code Section 3093, must be filed within 10 days after completion. (See reverse side for complete requirements.)
Notice is hereby given that:

- The undersigned is owner or corporate officer of the owner of the interest or estate stated below in the property hereinafter described:
- The full name of the owner is The City of Covina
- The full address of the owner is 125 E College Street, Covina, CA 91723
- The nature of the interest or estate of the owner is: In fee.

(If other than Fee, strike "in fee" and insert, for example, "purchaser under contract of purchase", or "Lessee")

- The full names and full addresses of all persons, if any, who hold title with the undersigned as joint tenants or as tenants in common are:

NAMES	ADDRESSES
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- The full names and full addresses of all the predecessors in interest of the undersigned, if the property was transferred subsequent to the commencement of the work or improvements herein referred to:

NAMES	ADDRESSES
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- A work of improvement on the property hereinafter described was completed on: January 5, 2024 . The work done was: Traffic Signal Improvements Project – Barranca Avenue and Covina Boulevard

- The names of the contractor, if any, for such work improvement was: PTM General Engineering Services, Inc. November 1, 2022
(If no contractor for work of improvement as a whole, insert "None") (Date of Contract)

- The property on which said work of improvement was completed in the City of: Covina
County of Los Angeles , State of CA , and is described as follows: Traffic Signal Improvements Project – Barranca Avenue and Covina Boulevard

- The street address of said property is Barranca Avenue and Covina Boulevard
(If no street address has been officially signed, insert "None".)

Dated February 6, 2024 Fabian Velez, Chief Deputy City Clerk, City of Covina

VERIFICATION

I, the undersigned, say: I am the City Engineer The declarant of the foregoing Notice of Completion;
(President of, Manager of, Partner of, Owner of)

I have read said Notice of Completion and know the contents thereof; the same is true to my own knowledge. I declare under penalty of perjury that the foregoing is true and correct.

Executed on February 6 , 2024 at Covina , California .

(Personal signature of the individual of the individual who is swearing that the contents of the Notice of Completion are true.)



CC Regular Meeting

AGENDA ITEM REPORT

Meeting:	February 6, 2024
Title:	Amendment to the Inspection and Confidentiality Agreement between Frontier California Inc. and the City of Covina Relating to the Properties Located at 175 E. Center Street and 176 E. Badillo Street
Presented by:	Brian K. Lee, Director of Community Development
Recommendation:	Authorize the City Manager to execute an Amendment to the Inspection and Confidentiality Agreement.

BACKGROUND:

Frontier Communications owns property located at the southwest corner of Badillo Street and Second Avenue (175 E. Center Street and 176 E. Badillo Street). The property is developed with a communication “switch” station, administrative offices, storage, retail store space, and a parking lot. Frontier Communications has expressed a desire to sell a portion of the aforementioned property while maintaining the “switch” station portion of the structure and a small portion of the parking lot (the portion containing the emergency generator and electrical transformer).

The City of Covina has been evaluating if the portions of the Frontier Communications property that Frontier desire to sell could be utilized by the City for city purposes. As part of that due-diligence consideration, City staff needs to conduct studies and investigate the property, as well as evaluate the current building plans.

DISCUSSION:

On August 1, 2023, an Inspection and Confidentiality Agreement was approved by the City Council. The original Agreement stipulates the following actions:

- Allow for City staff and its authorized consultants to access technical studies, reports, and plans of the “as-built” condition of the property;
- Allow for City staff and its authorized consultants to perform necessary investigations and assessments of the property (for example soil samples, asbestos, and lead paint assessment) with the prior approval of Frontier;
- Requires the City to maintain the aforementioned reports, plans, and studies as confidential and to furnish Frontier with copies of the aforementioned investigations and assessments of the Frontier property; and,
- Provides an exclusive time period where Frontier will not solicit or negotiate with any other party for the purchase of the property, and during this time period, the City and Frontier will negotiate a Purchase Agreement.

The proposed amendment would extend the review and inspection time period to March 31, 2024 and reduces the insurance requirements borne onto authorized consultants. It additionally allows more data and photos to be collected by the consultants in their performance of technical studies. More time is needed to perform the building investigation, and approval of the amendment would allow for the necessary due diligence to commence.

FISCAL IMPACT:

None. No General Fund expenditure is necessary to fulfill the terms of this Inspection and Confidentiality Agreement.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The proposed action of authorizing the City Manager to execute the Amendment to the Inspection and Confidentiality Agreement on behalf of the City is not a project within the meaning of Section 15378 of the State of California Environmental Quality Act (“CEQA”) Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'B.K. Lee', written over a horizontal line.

Brian K. Lee
Director of Community Development

INSPECTION AND CONFIDENTIALITY AGREEMENT

This Inspection and Confidentiality Agreement ("Agreement") dated as of September 11, 2023 for reference purposes only, is made by and between Frontier California Inc. and its affiliates ("Frontier"), and City of Covina ("Prospective Purchaser"), with reference to the following facts:

A. Frontier is the owner of that certain property containing approximately 2 acres, more or less, located at 175 E Center St and 176 E Badillo St., Covina, CA (the "Property"). Prospective Purchaser has expressed an interest in acquiring a portion of the Property containing approximately 1.3 acres as shown on Exhibit "1" attached hereto (the "Surplus Property").

B. Prior to execution of a definitive purchase and sale agreement by the parties (the "Purchase Agreement"), Prospective Purchaser desires to (a) begin review of certain information, studies and reports in Frontier's possession related to the Property, and (b) begin certain investigations regarding the Property.

C. Frontier is willing to permit Prospective Purchaser to begin its review and investigations on the terms and conditions of this Agreement.

THEREFORE, FOR VALUABLE CONSIDERATION, the parties agree as follows:

1. Technical Studies and Reports. With regard to any technical studies and reports delivered by Frontier to Prospective Purchaser in connection with its review of the Property (collectively, the "Reports"), Prospective Purchaser acknowledges and agrees that Frontier (a) has not independently investigated any information included in such Reports, and (b) has not made and does not make any representation or warranty (whether express or implied) regarding the truth, accuracy or completeness of the information made available to Prospective Purchaser. Prospective Purchaser shall independently confirm the contents of any such Reports,

2. Evaluation Material and Confidentiality. Prospective Purchaser covenants and agrees not to report, publish, share, circulate, disseminate, or otherwise reveal or cause or permit to be reported, published, shared, circulated, disseminated, or otherwise revealed to any party, person or entity, (i) any or all of the Reports, (ii) any other documents or materials relating to Prospective Purchaser's investigations of the Property, including without limitation an offering memorandum and various other papers, legal instruments, studies, reports, brochures, computer output projections, interpretations, and other data concerning the Property, (iii) any item or circumstance relating thereto, (iv) any oral discussions regarding the Property or Frontier, (v) information acquired through a visit to the Property, including without limitation any photographs that may be taken during any such site visit, and (vi) the fact that the Prospective Purchaser and Frontier are in discussions regarding a possible sale of the Property and any tentative terms of the Purchase Agreement (collectively, the "Evaluation Material"); except (a) to Prospective Purchaser's representatives, employees, contractors, agents, consultants and designees (collectively, the "Related Parties") in connection with its evaluation of the Property and only to the extent necessary for the transaction contemplated by the Purchase Agreement, or (b) to the extent required by law or pursuant to court order; provided that Prospective Purchaser shall provide

notice to Frontier of any such requirement or order prior to dissemination of such Evaluation Material.

2.1 Prospective Purchaser agrees and acknowledges that such Evaluation Material is confidential and proprietary and shall protect the confidentiality of the same with customary protections, whether or not such information is marked "Confidential" or "Proprietary." Prior to the delivery of any of the Evaluation Material to any Related Party, Prospective Purchaser shall (i) inform each Related Party that such information is confidential and may only be used as necessary for Prospective Purchaser's purposes, and (ii) shall obtain such Related Party's written agreement to maintain the confidentiality of such Evaluation Material, as set forth herein. Prospective Purchaser's obligations to keep the Evaluation Material confidential shall survive the termination of this Agreement. A breach by a Related Party of confidentiality shall be deemed to be a breach by Prospective Purchaser.

2.2 At any time during the term of this Agreement, Frontier may demand upon five (5) business days written notice, that Prospective Purchaser return or destroy (along with a certification by Prospective Purchaser of such destruction) any documents, papers or materials of any kind, including any copies thereof, whether in hard or soft copy, that contain any Evaluation Material. Any oral Evaluation Material shall continue to be subject to the terms of this Agreement.

3. Access to Property. Prospective Purchaser and the Related Parties shall have permission to enter upon the Property, at Prospective Purchaser's sole cost and expense, in order to inspect and investigate the Property, and to conduct surveys, tests and studies, provided that such tests, surveys and studies are performed in accordance with the terms of this Agreement. Prospective Purchaser shall not damage the Property or the buildings located on the Property in any manner or otherwise interfere with the ongoing operations at the Property. Unless otherwise agreed to by Frontier in writing, Prospective Purchaser shall promptly restore the Property to the condition that it would have been in but for the tests, surveys and studies it has performed. If Prospective Purchaser fails to perform or cause such restoration and such failure shall continue for five (5) days after Prospective Purchaser receives written notice from Frontier demanding the cure thereof, Frontier may perform or cause to be performed such restoration and/or removal work, and Prospective Purchaser shall reimburse Frontier for all the reasonable costs and expenses incurred on behalf of Frontier within fifteen (15) days after receipt of bills therefor from Frontier. All investigations shall be performed in compliance with all local, state and federal laws, ordinances and regulations, including, without limitation, any and all safety measures and permits required thereunder, which permits shall be obtained by and at the sole cost of Prospective Purchaser. Except to the extent expressly permitted by Frontier in its sole and absolute discretion, Prospective Purchaser is strictly prohibited from taking any soil samples or groundwater samples from the Property. Prospective Purchaser shall not perform any invasive or Phase II testing without Frontier's permission which may be withheld in Frontier's sole and absolute discretion. For purposes of this Agreement, Prospective Purchaser shall be liable for the acts or omissions of the Related Parties with respect to such Related Parties' entry onto, and any acts or omissions while on, the Property as if such acts and omissions were the acts and omissions of Prospective Purchaser.

3.1 Prior to any entry upon the Property, Prospective Purchaser shall designate in writing to Frontier one or more representatives of Prospective Purchaser who shall accompany

any of such persons each time they enter upon the Property. Such entry or review shall be made only after no less than two (2) business days advance written notice (which may be by email) to Frontier by Prospective Purchaser, and during working hours as reasonably acceptable to Frontier. Prospective Purchaser acknowledges that the activities taking place at the Property are of a sensitive and confidential nature and that the time and manner of entry shall be subject to limitation accordingly. COVID 19 protocols may also limit the time of day during which entry may be permitted. All notice of proposed entry shall specify the activities that will be performed and the locations where these activities will be performed. If Frontier objects to the time, activities and/or locations, then Frontier shall notify (which may be by email) Prospective Purchaser of these objections. Frontier and Prospective Purchaser agree to promptly conduct good faith discussions to determine alternate times or locations for the activities; provided that Frontier will have the ultimate discretion regarding any entry onto the Property. All persons entering upon the Property to perform tests, surveys and/or studies shall (a) first provide Frontier with a certificate of insurance meeting the requirements set forth herein; provided, however, that Frontier may require additional or different insurance for consultants performing invasive testing, (b) carry appropriate identification, and (c) comply with rules governing persons located at the Property. Prospective Purchaser shall not visit the Property without a representative of Frontier's real estate department being present. Prospective Purchaser and the Related Parties shall provide all tools and equipment to be used in their activities at the Property.

3.2 In the event Frontier permits the taking of soil samples, Prospective Purchaser acknowledges and agrees that any such soil samples taken by or on behalf of Prospective Purchaser shall be taken via the split sample method and Prospective Purchaser or its Related Parties shall immediately provide Frontier with a portion of the sampled soil for Frontier's independent analysis. Frontier shall be entitled to observe all activities performed on the Property on behalf of Prospective Purchaser. Frontier shall also be entitled to participate in any discussions with any regulator relating to any activity performed pursuant to this Agreement that has the potential to relate to Frontier's responsibilities for the Property. It is Prospective Purchaser's obligation to ensure that the Related Parties are provided with a safe place to work and for determining what, if any, safety precautions are appropriate for the work being performed pursuant to this Agreement.

3.3 Prospective Purchaser shall promptly furnish Frontier with copies of any and all technical data, reports, studies, plans and surveys prepared by or on behalf of Prospective Purchaser with regard to the Property, as well as all correspondence with third parties relating to such data, reports, studies, plans, and surveys.

3.4 Prospective Purchaser shall not take, or permit any of the Related Parties to take, any photographs of any equipment located on the Property or of any person at the Property.

3.5 Prospective Purchaser shall not communicate with any on-site employees of Frontier or with any tenants, governmental authorities, service providers or other parties with a contractual relationship to the Property, without the prior written consent of Frontier, which may be given or withheld in Frontier's sole discretion.

4. Disclosures. Unless otherwise required by law, Prospective Purchaser shall not make any disclosures to federal, state or local officials or any other third party regarding the

investigations or any condition at the Property without Frontier's written permission, which may be withheld in Frontier's reasonable discretion. To the extent Prospective Purchaser makes such permitted disclosures after obtaining Frontier's written permission thereto, Prospective Purchaser shall provide Frontier with copies of any and all disclosures. Excluded from the foregoing shall be any correspondence or information which is subject to the attorney/client privilege.

5. Indemnity. Prospective Purchaser shall indemnify and defend Frontier against and hold Frontier and the Property free and harmless from any and all claims, demands, liabilities, costs, expenses, penalties, damages, losses and liens, including without limitation, reasonable attorneys' fees, arising out of any entry onto and actions or omission upon the Property by Prospective Purchaser or the Related Parties. Prospective Purchaser and the Related Parties shall be responsible for safeguarding their own tools and equipment. Frontier shall not be responsible for damages to Prospective Purchaser's or the Related Parties' property or to injuries to persons furnished by such parties, except to the extent that such damages or injuries are caused by the gross negligence or willful misconduct of Frontier. In no event will Frontier be liable for any direct, indirect, special, incidental or consequential damages incurred by Prospective Purchaser or the Related Parties arising out of this Agreement. The indemnity provided for herein and the covenants of Prospective Purchaser set forth in Paragraph 3 above shall survive the termination of this Agreement.

6. Insurance.

6.1 Prior to entering the Property, Prospective Purchaser (and any Related Party entering the Property) shall have in effect Worker's Compensation and Employer's Liability insurance with statutory limits of coverage as required by law, and with a limit of liability of at least \$2,000,000/\$4,000,000 each occurrence/aggregate, and Commercial General Liability insurance naming Frontier as an additional insured, with limits of not less than \$2,000,000 each occurrence, with \$4,000,000 aggregate for bodily injury, including death resulting therefrom, and broad form property damage, including collapse and underground property damage, and waiver of subrogation. Prior to entering the Property, Prospective Purchaser shall deliver to Frontier certificates of insurance evidencing such coverage and further evidencing that such coverage may only be terminated or modified upon thirty (30) days prior written notice to Frontier.

6.2 All insurance coverage required by this Agreement, excluding Worker's Compensation and Employer's Liability shall include Frontier, its affiliates and subsidiaries as additional insureds as their interest may appear with respect to the activities performed in connection with this Agreement.

6.3 All policies required by this Agreement shall: (i) contain waivers of subrogation in favor of Frontier; (ii) be primary and non-contributory with any insurance or program of self-insurance that may be maintained by Frontier; (iii) shall be issued by companies authorized or permitted to conduct business in the state in which the work is to be performed; and (iv) must have an A.M. Best rating of A-: VII or better.

6.4 The covenants in this Paragraph 6 shall survive the termination of this Agreement.

7. Termination. In the event Frontier and Prospective Purchaser have not entered into a definitive Purchase Agreement, then on October 31, 2023 (the "Expiration Date") (unless extended by all parties in writing), Prospective Purchaser's rights to investigate the Property shall immediately terminate, provided however, the remainder of this Agreement shall terminate on the date that is the earlier of: (i) the date that is one year after full execution of this Agreement, or (ii) the date the transaction contemplated in the Purchase Agreement is closed. Upon such termination, Frontier may demand that Prospective Purchaser return or destroy (along with a certification by Prospective Purchaser of such destruction) any documents, papers or materials of any kind, including any copies thereof, whether in hard or soft copy, that contain any Evaluation Material and provide Frontier with a copy of any independent due diligence created about the Property by Prospective Purchaser and/or any Related Party. Further, in the event that Prospective Purchaser breaches any of the terms of this Agreement, Frontier, in its sole discretion, and in addition to any other rights and remedies which it may have under this Agreement or at law or equity, may immediately terminate this Agreement and such termination shall be effective upon Frontier's sending of written notice of termination to Prospective Purchaser.

8. Exclusivity. During the period commencing on the date of this Agreement and continuing until the earliest to occur of (a) the execution of a definitive Purchase Agreement by the parties; (b) the date this Agreement is mutually terminated in writing by the parties; or (c) the Expiration Date, Frontier shall not actively solicit or negotiate any offer for the sale of the Surplus Property from any party other than Prospective Purchaser.

9. Miscellaneous.

9.1 Notices. Any notice or other communication will be in writing and will be considered to have been given if delivered by hand or sent by certified United States Mail, return receipt requested or overnight courier to the other party or parties at the address stated herein or to such other address as may be specified by any party in a notice to the others. Such notices may be sent via electronic mail transmission, provided a hard copy of such notice is also sent contemporaneously to the notice recipients as described above. Unless otherwise expressly noted herein, notice is effective upon receipt or refusal. Notice shall be mailed or delivered as follows:

To Prospective Purchaser:

City of Covina
125 E. College Street,
Covina, CA 91723-2199
Attn: Brian Lee
Email: Blee@covinaca.gov

To Frontier:

Frontier
1919 McKinney Ave
Dallas, TX 75201
Attn: Kelley Stewart
Email: kelley.stewart@ftr.com

Further, a copy of all notices sent to Frontier must also be sent via Email, in addition to the hard copy.

With copies to:

McGuireWoods LLP
50 North Laura Street, Suite 3300
Jacksonville, FL 32202
Attn: Christal L. Fish, Esq.
Email: cfish@mcguirewoods.com

9.2 Waiver and Severability. No provision of this Agreement will be waived and no breach excused unless the waiver or consent is in writing and is signed by the party that is claimed to have waived or consented. If any provision of this Agreement is determined to be invalid or unenforceable, such provision shall be limited to the extent required to make it valid and enforceable, and if necessary, severed from this Agreement. The remaining provisions will continue in full force and effect.

9.3 Applicable Law. This Agreement will be governed by the laws of the state in which the Property is located without regard to conflict of laws provisions.

9.4 Injunctive Relief and Remedies. Prospective Purchaser acknowledges and agrees that a breach or threatened breach of this Agreement will result in irreparable and continuing damage to Frontier for which there will be no fully adequate remedy at law, and Frontier shall be entitled to injunctive relief, a decree for specific performance, and such other relief as may be proper (including monetary damages if appropriate) without the need to post a bond or other security, and without the need to prove damages. Nothing herein shall prohibit Frontier from pursuing any other available remedy it may have against Prospective Purchaser for any breach of its obligations hereunder, including the recovery of damages. Prospective Purchaser agrees to indemnify Frontier from any losses, claims, damages, costs and expenses, including without limitation reasonable attorneys' fees, which Frontier may incur in connection with the breach of this Agreement or its enforcement (and such indemnity shall survive the termination of this Agreement).

9.5 No Obligation to Enter Into Purchase Agreement. The parties agree that unless and until the Purchase Agreement, escrow instructions and any other applicable transaction documents are fully executed and delivered by the parties, neither of the parties has any obligation or liability to the other in connection with the sale and acquisition of the Property. Until such time as the Purchase Agreement, escrow instructions and any other applicable transaction documents are fully executed and delivered by the parties, Frontier shall be free to actively market all or any portion of the Property and may, at its sole option, sell all or any portion of the Property to any person or entity. This Agreement is not an offer to sell and shall not be construed as such. Frontier is under no obligation to sell any interest in the Property by virtue of this Agreement. Frontier may discontinue the marketing of the Property at any time for any reason or no reason in Frontier's sole discretion and without notice to Prospective Purchaser.

9.6 Attorneys' Fees. If any action or proceeding is brought to interpret or enforce the provisions of this Agreement, or to collect damages as a result of the breach of any of the provisions of this Agreement, regardless of whether such action or proceeding is prosecuted to judgment and in addition to any other remedy, the non-prevailing party shall pay to the prevailing party the reasonable attorneys' fees and costs incurred by the prevailing party. The provisions of this Paragraph shall survive the termination of this Agreement.

9.7 Due Diligence Costs. Prospective Purchaser will bear its own costs of any due diligence related to the Property.

9.8 Binding Effect. Each party represents and warrants that said party has full power and authority, and the person(s) executing this Agreement have full power and authority, to execute and deliver this Agreement, and that this Agreement constitutes a valid and binding obligation of each party, enforceable in accordance with its terms. This Agreement shall be binding on and inure to the benefit of the successors and permitted assignees of the respective parties.

9.9 Counterparts. This Agreement may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such Agreement. An executed counterpart of this Agreement may be delivered by e-mail or mail and such manner of delivery shall be binding on the undersigned.

9.10 Electronic Signatures. This Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. For these purposes, "electronic signature" shall mean electronically scanned and transmitted versions (e.g., via pdf file) of an original signature, signatures electronically inserted and verified by software such as Adobe Sign, or faxed versions of an original signature.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

Executed as of the date first above written.

FRONTIER:

Frontier California Inc., a California corporation



By: Kelley Stewart

Title: Director Facilities and Real Estate

PROSPECTIVE PURCHASER:

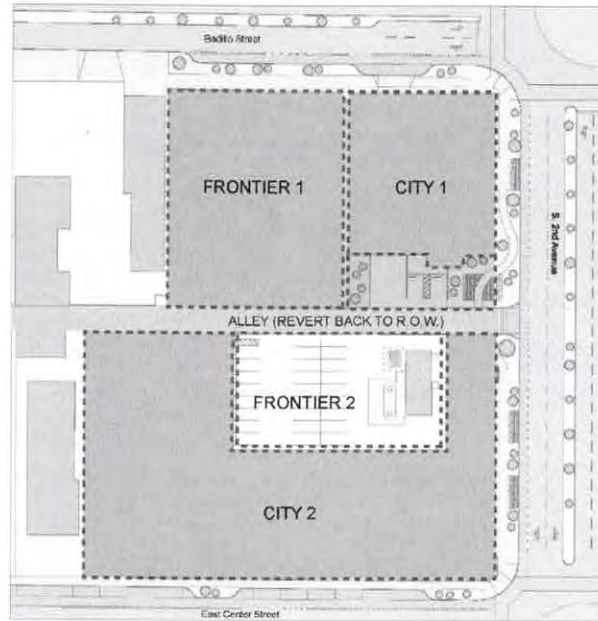
City of Covina

By: C. March

Title: City Manager

Exhibit "1"

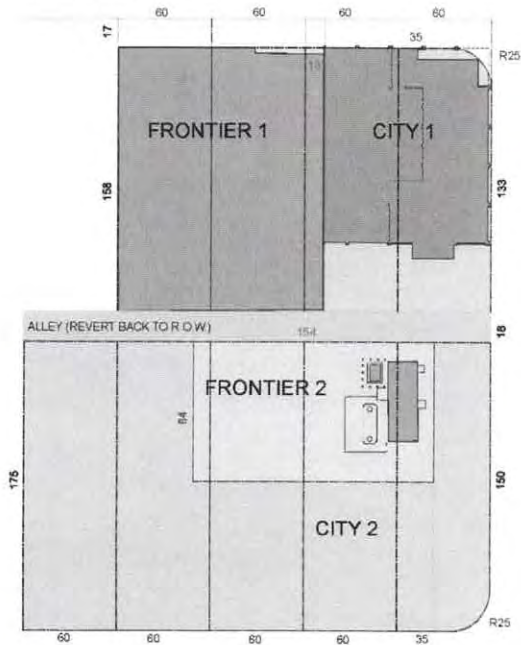
Surplus Property



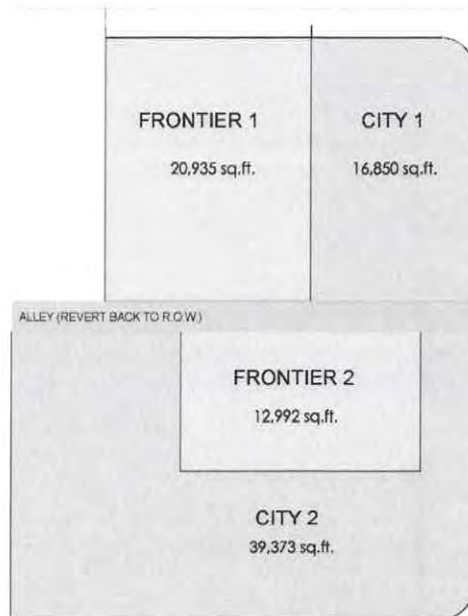
Note:
A California licensed land survey engineer shall verify all property lines, areas and provide a site survey.



LOT LINE BUILDING OVERLAY ESTIMATE



PROPERTY AREA ESTIMATES



Areas Estimates:

FRONTIER 1:	+/- 20,935 sq.ft.
FRONTIER 2:	+/- 12,992 sq.ft.
CITY 1:	+/- 16,850 sq.ft.
CITY 2:	+/- 39,373 sq.ft.

Note:
A California licensed land survey engineer shall verify all property lines, areas and provide a site survey.



175477512

FIRST AMENDMENT TO INSPECTION AND CONFIDENTIALITY AGREEMENT

This First Amendment to Inspection and Confidentiality Agreement (“Amendment”) dated effective as of October 31, 2023 for reference purposes only, is made by and between Frontier California Inc. and its affiliates (“Frontier”), and City of Covina (“Prospective Purchaser”), with reference to the following facts:

A. Frontier and Prospective Purchaser have previously entered into that certain Inspection and Confidentiality Agreement dated as of September 11, 2023 (“Agreement”) to allow Prospective Purchaser to begin its review and investigations of that certain property located at 175 E Center St and 176 E Badillo St., Covina, CA (“Property”).

B. Frontier and Prospective Purchaser desire to amend the Agreement as hereinafter set forth.

THEREFORE, FOR VALUABLE CONSIDERATION, the parties agree as follows:

1. Extension of Expiration Date. Paragraph 7 of the Agreement is hereby amended to provide that the Expiration Date shall be March 31, 2024, subject to rights to further extend as set forth in the Agreement.

2. Amendment of Section 3 to Permit Samples and Photographs. Section 3 of the Agreement is hereby amended to: (i) permit the City through its consultant(s) to take reasonable soils samples (to be split samples, shared with Frontier) and to take reasonable samples of accessible interior and exterior improvements (for testing for asbestos and possibly other hazardous materials); and (ii) permit the City and its consultants to take photographs of improvements and equipment to assist City in identifying improvements and equipment proposed to be purchased by City from Frontier and alterations by City that might be necessary. Prospective Purchaser shall repair all damages not repaired by its testing consultant(s), at Prospective Purchaser’s cost, unless Prospective Purchaser buys the applicable Property damaged (from Frontier).

3. Insurance Required of Third Parties. Section 6.1 of the Agreement is hereby amended to change the amounts of insurance required of “Related Parties” to One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) in the aggregate.

4. Miscellaneous.

4.1 Full Force and Effect. All terms and provisions of the Agreement shall remain in full force and effect, except as expressly amended or modified herein, and are hereby ratified and reaffirmed. In the event of any conflict or discrepancy between the Agreement and this Amendment, the provisions of this Amendment shall control.

4.2 Counterparts. This Amendment may be executed in several counterparts each of which shall be an original, but all of such counterparts shall constitute one such

amendment/agreement. An executed counterpart of this Amendment may be delivered by e-mail or mail and such manner of delivery shall be binding on the undersigned.

4.3 Electronic Signatures. This Amendment may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. For these purposes, “electronic signature” shall mean electronically scanned and transmitted versions (e.g., via pdf file) of an original signature, signatures electronically inserted and verified by software such as Adobe Sign, or faxed versions of an original signature.

[SIGNATURES APPEAR ON THE FOLLOWING PAGES]

Executed as of the date first above written.

FRONTIER:

Frontier California Inc., a California corporation

By: _____

Name: _____

Title: _____

PROSPECTIVE PURCHASER:

City of Covina

By: _____
Name: _____
Title: _____



CC Regular Meeting **AGENDA ITEM REPORT**

Meeting: February 6, 2024
Title: Purchase of Mobile Data Computers
Presented by: David Povero, Chief of Police
Recommendation: Approve Purchase of ten (10) Mobile Data Computers (MDCs) from DuraTech USA, Inc. in the amount of \$55,303.19.

EXECUTIVE SUMMARY:

This purchase is for ten (10) Getac mobile data computers to replace those that have reached the end of their service life in patrol vehicles. Some of those in this purchase will be installed in new patrol vehicles that will be delivered and deployed in the next few months.

DISCUSSION:

A mobile data computer is considered vital equipment in any modern-day police patrol vehicle. MDCs are critical to patrol operations because they provide real time data and incident information to police officers through the CAD/RMS dispatch system. They are critical to officer safety and emergency response as they connect the police officer to the department network and the internet through wireless connections. In the past, older MDCs were simply reused/transferred to new or converted patrol vehicles. However, there are no more available spare MDCs that can be reassigned.

It is requested that competitive bid requirements be waived per Covina Municipal Code 2.20.210 Sections A. This section states that a formal bid procedure may be waived by the City Manager if purchase is made in cooperation with other governmental entities or associations. This purchase will be made as part of Sourcewell Contract #090122-GET which is a cooperative purchase contract.

FISCAL IMPACT:

No new funding is being requested. Funding for this project was approved as part of the FY 2023-24 supplemental budget request and is available in the Information Technology budget in 7200-IT10-55700.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

None.

Respectfully submitted,

David Povero
Chief of Police

DuraTech USA, Inc.

Public Safety Technology Integrator

Mailing:

6765 Westminster Bl. #314

Westminster, CA 92683

www.DuraTechUSA.com

Phone # 714-898-2171

FEIN# 20-2777132

QUOTE

Date

Quote #

1/9/2024

010924CCSW

Customer Information

**Certified SBE #19486, DBE #40914, OCTA# 39991,
CUCP#35922, MBE & WBE, LACounty #128985
LSBE/PPE# 088381, POLB # 250398, METRO# 7881**

City of Covina
125 E. College Street
Covina, CA 91723-5508

Sourcewell Contract Pricing

Rep

Project Delivery Date

Terms

Customer E-mail

LT

2/8/2024

Net 30

accountspayable@covinac...

Item

Description

Qty

Cost

Total

SOURCEWELL ...	*Prices are for purchasing using Getac's Sourcewell Contract*		0.00	0.00T
AM4264QA7BXS	GETAC SOURCEWELL CONTRACT# 090122-GET GETAC:A140G2 - i7-10510U, (No Webcam), Windows 11+16GB RAM, 256GB PCIe SSD, Sunlight Readable FHD IPS+Touchscreen+Stylus, Barcode Reader, WIFI+BT+GPS/Glonass+4G LTE (EM7511)+Passthrough, HF RFID, LAN, Smart Card Reader, 3 Year B2B Warranty	10	3,586.18	35,861.80T
GE-SVTBNFX5Y	Getac 4th & 5th Year Bumper to Bumper Warranty (A, V & F Series Rugged Tablets)	10	498.95	4,989.50
590GBL000196	GETAC : TG3 83 KEY, BACKLIT, TOUCHPAD, USB, COILED CORD, NO LOGO, BUNDLED 5 YEAR NO-FAULT	10	243.23	2,432.30T
GAD2X8	GETAC : Getac 120W 11-16V, 22-32V DC Vehicle adapter (Bare Wire), 3 year warranty	10	99.50	995.00T

We Appreciate & Value Your Business!!!

TOTAL

Delivery Lead time 4-6 weeks (unless otherwise noted) from date of purchase unless otherwise noted.

Prices are good for 30 days and may be subject to change without notice

**Some Options & Upgrade costs applicable to time of original purchase only

NET 30 Terms for Govt Orders. Due to highly discounted prices quoted, there will be a 3% processing fee for any orders placed with a credit card.

Prepaid Company check or bank wire transfer with PO or Net30 OAC. VISA, M/C, American Express Cards Accepted

All International Orders -Prepaid Wire Transfer (\$30 Wire Fee Applies)

All California purchases require \$4 LCD Disposal Fee per unit & applicable sales taxes

All Customs Fee, Duties & Taxes & shipping costs are the responsibility of purchaser

Please check specifications carefully!

Due to Customization -All Sales are final!

Send Orders to: LTrevino@DuraTechUSA.com

DuraTech USA, Inc.

Public Safety Technology Integrator

Mailing:
 6765 Westminster Bl. #314
 Westminster, CA 92683
 www.DuraTechUSA.com
 Phone # 714-898-2171
 FEIN# 20-2777132

QUOTE

Date	Quote #
1/9/2024	010924CCSW

Customer Information

**Certified SBE #19486, DBE #40914, OCTA# 39991,
 CUCP#35922, MBE & WBE, LACounty #128985
 LSBE/PPE# 088381, POLB # 250398, METRO# 7881**

City of Covina
 125 E. College Street
 Covina, CA 91723-5508
 Sourcewell Contract Pricing

Rep	Project Delivery Date	Terms	Customer E-mail
LT	2/8/2024	Net 30	accountspayable@covinac...

Item	Description	Qty	Cost	Total
543314010502	GETAC : TF1-STANDARD VEHICLE DOCKING;W/ TRI-PASS THROUGH,7160-1246-03,Gamber-Johnson,A140	10	634.69	6,346.90T
Lead Time	Estimated Lead Time: 4-6 weeks		0.00	0.00T
SOURCEWELL ...	Getac SOURCEWELL CONTRACT# 090122-GET		0.00	0.00T
	Sales Tax		10.25%	4,677.69

We Appreciate & Value Your Business!!!	TOTAL	\$55,303.19
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Delivery Lead time 4-6 weeks (unless otherwise noted) from date of purchase unless otherwise noted.
 Prices are good for 30 days and may be subject to change without notice
 **Some Options & Upgrade costs applicable to time of original purchase only
 NET 30 Terms for Govt Orders. Due to highly discounted prices quoted, there will be a 3% processing fee for any orders placed with a credit card.
 Prepaid Company check or bank wire transfer with PO or Net30 OAC. VISA, M/C, American Express Cards Accepted
 All International Orders -Prepaid Wire Transfer (\$30 Wire Fee Applies)
 All California purchases require \$4 LCD Disposal Fee per unit & applicable sales taxes
 All Customs Fee, Duties & Taxes & shipping costs are the responsibility of purchaser
 Please check specifications carefully! Due to Customization -All Sales are final! Send Orders to: LTrevino@DuraTechUSA.com



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: February 06, 2024
Title: Resolution CC 2024-06 Authorizing Acceptance of Grant Funds, and Award of Professional Services Contracts for Facilitation of the Royal Oak Middle School Greening and Forestry Planning Grant Project
Presented by: Brian K. Lee, AICP, Director of Community Development
Recommendation: Adopt Resolution CC 2024-06 and approve Professional Services Agreements with Active SGV, Five Point Design, and CEJ Engineers for the facilitation of the project.

EXECUTIVE SUMMARY:

On November 16, 2022, the City entered into a Memorandum of Understanding (MOU) with Charter Oak Unified School District (COUSD) regarding a shared interest in improving the Royal Oak Middle School field and sports facilities located at 303 S. Glendora Avenue (*Attachment A*). The MOU set protocols for the joint application and administration of grant applications and memorialized the intent to prepare a joint-use agreement for the City’s use of the facilities during off-school hours, thereby increasing park access to Covina residents while also enhancing facilities for Royal Oak Middle School students. The City has been actively pursuing grant funding and considering strategies to facilitate the project.

One such funding opportunity was for the Green Schoolyards Program, administered by the California Department of Forestry and Fire Protection (CalFIRE). The City applied for and received a grant award for the Royal Oak Middle School Greening and Forestry Plan totaling \$198,000, to design a plan for the Royal Oak Middle School property. The City of Covina is one of 15 awardees from the Green Schoolyards Program awards list (*Attachment B*), which is the first program of its kind in California. Some of the primary objectives of the grant are to reduce greenhouse gas emissions, mitigate extreme heat, enhance outdoor learning environments, increase water supply, improve access to outdoor recreation, and improve public health.

The planning project will include community outreach and engagement strategies and integrate community feedback into the design concept at an early stage, while also including environmental benefits such as water conservation and extreme heat mitigation. City staff and COUSD envision a redesign that will support existing uses, such as the soccer and softball fields, while also meeting the grant objectives, which may include design elements such as the inclusion of native vegetation, shade trees, shrubs, bioswales, educational components, and stormwater retention systems (*Attachment C - Contract*)

The CalFIRE grant award requires a \$50,000 local match which will be equally divided between the City and COUSD, as per the MOU. Resolution CC 2024-06 (*Attachment D*) would authorize the acceptance of Grant funds and COUSD funds as reimbursements, and authorize an appropriation of \$25,000 from the general fund to satisfy the City’s local match requirement. The project budget and funding sources are shown in Tables 1 and 2.

Table 1. Project Budget	
Concept Design Plans: Design Engineering and Landscape Architect (CEJ Engineers, Five Point Design)	\$70,000.00
Preliminary Engineering: Contract Design and Engineering (CEJ Engineers)	\$60,000.00
PSE Construction Drawings: Design and Engineering (CEJ Engineers/Five Point Design)	\$70,000.00
Arborist Review and Approval	\$10,000.00
Outreach and Education Consultants (Active SGV)	\$28,000.00
Division of State Architecture Consultant	\$10,000.00
Total Budget:	\$248,000.00

Table 2. Funding Sources	
CalFIRE Urban Greening and Forestry Grant	\$198,000.00
City of Covina Local Match	\$25,000.00
Charter Oak Unified School District Local Match	\$25,000.00
Total Funding:	\$248,000.00

This project includes planning activities only, up to “construction-ready” document preparation. The project scope includes preparing cost estimates for construction but does not include construction or implementation-related activities. City staff will further research and apply grant opportunities for the project, as well as investigate the possibility of leveraging QUIMBY fees towards project implementation, which would require that a joint-use agreement exists for the property.

The grant requires projects under the planning award category to be completed within one year of the award. The Royal Oak Greening and Forestry Planning Project is expected to be completed by December 2024 (Table 4). Staff is recommending the approval of Resolution CC 2024-06 to begin work immediately and ensure timely completion of the plan. This item will be returned to the City Council in the form of a project update and for formal consideration of the conceptual plans.

Table 3. Estimated Project Timeline (2024)												
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Contracts/Project Set up												
CEQA Exemption/Filing												
Project Administration												
Community Engagement												
Concept Design Plans												
Preliminary Engineering												
PSE Construction Documents												
Arborist Review and Approval												
DSA Approval												
City Council Approval/Completion												

Staff also recommends the approval of three Professional Services Agreements to facilitate the project (*Attachments E-G*), consisting of Five Point Design for landscape design, CEJ Engineers for preliminary and PSE engineering design for the project, and Active SGV, a non-profit that will assist the city and COUSD with community outreach efforts. The remaining outside consultant scope includes obtaining Division of State Architecture permits, and Arborist review and approval, which have not yet been selected and only require administrative approval.

FISCAL IMPACT:

The Project cost is \$248,000.00, consisting of a \$198,000.00 Grant award, and a \$50,000 local match requirement. Charter Oak Unified School District is to contribute 50% of the local match, or \$25,000, as per an existing MOU.

Resolution CC 2024-06 would authorize the acceptance and appropriation of reimbursable grant award monies totaling \$198,000.00, authorize the acceptance of \$25,000.00 in reimbursable local match funds from Charter Oak Unified School District, and authorize the appropriation of \$25,000.00 in local match funds from the City of Covina towards the project as noted in table 3.

Table 4. Proposed Amendment to the Fiscal Year 2023-2024 Operating Budget				
GL Description	Account	Original Budget	Increase	Amended Budget
Other State Grants-Street Trees-Consulting	46002250-51005	\$0	\$248,000	\$248,000
Other State Grants-Street Trees-Other State Grants	46002250-42190	\$0	\$198,000	\$198,000
Parks CIP-Street Trees-Other Gov't Units	46002250-42990	\$0	\$25,000	\$25,000
Parks CIP-Street Trees-Transfer In General	46002250-49110	\$0	\$25,000	\$25,000
General Fund-Street Trees-Transfer Out Cap Proj	10102250-59140	\$0	\$25,000	\$25,000

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Brian K. Lee
Director of Community Development

MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COVINA AND CHARTER OAK UNIFIED SCHOOL DISTRICT FOR THE JOINT APPLICATION OF GRANT FUNDING FOR IMPROVEMENTS OF SCHOOL FACILITIES AT ROYAL OAK MIDDLE SCHOOL

THIS MOU is made and entered into as of November 16, 2022 and between the City of Covina, a municipal corporation (“City”), and the Charter Oak Unified School District (“District”). In consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. **Recitals.** This MOU is entered into with respect to the following facts and for the following purposes, each of which is acknowledged as true and correct by the parties:

a. It is the desire of the City and the District to memorialize the protocol for joint application and administration of grant applications for the improvement and maintenance of existing athletic fields at Royal Oak Middle School and other District properties (“School Facilities”) and the joint use and maintenance of School Facilities, where practicable.

b. As part of the joint effort, it is the intent of the parties to jointly and cooperatively prepare and submit grant applications for funding to install synthetic turf surfaces in the athletic fields and drought tolerant landscaping in passive spaces surrounding the athletic fields at Royal Oak Middle School (the “Project”) to promote the City’s and District’s efforts to conserve water and to enable both the District and the City to jointly use the School Facilities for the benefit of both District students and City residents.

c. The parties also desire to share in the costs of preparing the grant applications for the Project.

d. The parties also intend to prepare a separate joint use agreement to set forth the parameters for the City’s use of District’s School Facilities and other District-owned recreational, athletic and other school facilities when school is not in session during Winter Break, Summer Break and non-school hours, including evenings on Monday through Friday and all-day Saturday and Sunday.

2. **Term of Agreement.** The term of this MOU shall commence on the date of this MOU and shall terminate on November 15, 2027, unless sooner terminated pursuant to this MOU.

3. **Responsibilities.**

a. **Shared Costs.** The parties agree to equally split (50/50) the costs of:

a. Preparation, legal review and consultant costs relating to any joint grant applications for the Project;

b. Design of the Project;

c. Preparation of Project construction documents (*i.e.*, plans, specifications, and estimates);

d. Project contract administration;

e. Project construction management for the term of this MOU; and

f. Any necessary and related special studies and related due diligence work, legal review, engineering work, design work, and other consultant work required for the Project.

b. Parties shall meet/confer and provide written authorization to issue a notice-to-proceed prior to the execution of any agreement for grant preparation, project design or related services.

c. The City shall establish an account to fund the preparation of grant applications (with conceptual design illustrations and special studies and related due diligence as necessary) and related legal review, engineering work, design work, and other necessary consultant work (collectively "Grant Application Work"). The City shall invoice the School District for shared project expenses.

d. The City shall invoice the District on a monthly basis, and the District shall reimburse the City fifty percent (50%) of all costs incurred by the City on a monthly basis in connection with the Grant Application Work.

e. On behalf of the parties, the City shall administer the preparation and submission of joint applications for grant funding to pay for or off-set the costs of the Project;

f. Once grant funding is obtained, the parties shall use said grant funding to construct and install the Project at Royal Oak Middle School to promote the City's and District's efforts to conserve water. District shall serve as lead agency for any successful grant awards, with City participating as a project co-sponsor.

d. District shall administer the Project competitive bid process for construction and installation of the Project, award the Project contract, and manage the contractor to complete the Project.

e. District and City shall work cooperatively to maintain the Project in good working condition after the Project is completed.

g. In exchange for the City's staff time, investment of City funds and overall participation in the Project and the related grant application preparation process, District agrees to allow the City joint use of the School Facilities pursuant to the terms of the forthcoming Joint Use Agreement for use of the School Facilities.

g. As part of the Joint Use Agreement, City and District agree to further analyze the provision of long-term maintenance activities and costs at School Facilities, including the potential development of a cost-sharing mechanism for each parties proportionate use.

4. **Termination Clause.** This Agreement may be terminated at any time, with or without cause, by either of the Parties upon thirty (30) days written notice to the other party as provided in this Agreement.

5. **Agreement Contingent on Governing Board/Council Approval.** The City nor District shall not be bound by the terms of this MOU or any joint grant application for School Improvements until this MOU and any joint application has been formally approved or ratified by, respectively, the City Council and the District's Board.

6. **Notices to Parties.** Written notices, demands and communications among the District and City, shall be sufficiently given by personal service or dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the District or City as follows:

District: Charter Oak Unified School District
20240 E. Cienega Avenue
Covina, CA 91724
Attention: Superintendent

City: City of Covina
125 E. College Street
Covina, California 91723
Attention: City Manager

Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section.

7. **Assignment.** Neither Party shall assign or transfer this MOU or any portion thereof without the prior written consent of the other party.

8. **Severability.** Any provision of this MOU which proves to be invalid, void, or illegal, shall in no way affect, impair or invalidate any other provision, and such other provisions shall remain in full force and effect.

9. **Counterparts.** This MOU and all amendments and supplements to it may be executed in counterparts, and all counterparts together shall be construed as one document, and all such executed counterparts shall constitute the same MOU, and the signature of any party to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

10. **Annual Review.** The parties agree to any annual review of this MOU, commencing in December 2023.

11. **Entire Agreement and Amendments.** This MOU and all exhibits referred to in this MOU constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this MOU and supersede all other prior or

contemporaneous oral or written understandings and agreements of the Parties. This MOU may not be amended, nor any provision or breach hereof waived, except in a writing signed by representatives of both Parties.

IN WITNESS WHEREOF this MOU has been executed by the authorized representatives of the parties hereto.

CITY OF COVINA

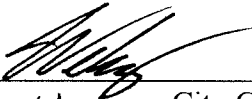
CHARTER OAK UNIFIED SCHOOL DISTRICT



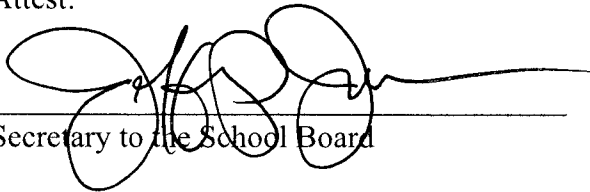
Jeffrey D. Jordan, Ed.D.
Superintendent and Secretary to the Board

Attest:

Attest:



Fabian Velez, City Clerk
Deputy



Secretary to the School Board

Date: July 12, 2023

2022/2023 Green Schoolyards Grants: 1st Round Grant Awards

Applicant Name	Implementation Grant Project Name
Los Angeles Neighborhood Land Trust	Trees, Communities, and Climate Resilience in Central and South Los Angeles
Hollywood Beautification Team	A Place for Play, Learning and Exercise: Green, Cooling Elementary Schoolyards in the San Fernand...
Santa Paula Unified School District	Santa Paula Unified School District Green Schoolyards
TreePeople	Creating Cool Schools in Southern CA
Amigos de los Rios	Natural Infrastructure - Watershed Discovery Campuses Pasadena Unified School District
San Francisco Unified School District	San Francisco Unified School District
Applicant Name	Planning Grant: Project Name
Sonoma Ecology Center	Pittsburg USD Green Schoolyards Planning Project
Urban Tilth	Making Verde Elementary School Bloom!
Sonoma Ecology Center	Bellevue USD Green Schoolyards Planning Project
Watsonville Wetlands Watch	Designing Climate Resilient School Campuses in the Pajaro Valley
Council for Watershed Health	Designing Healthy Schoolyards For Los Angeles Unified School District
Our City Forest	Green Schoolyards for Santa Clara County
City of Covina	Royal Oak Middle School Greening and Forestry Plan
Oakland Unified School District	Oakland Living Schoolyards Planning Project
Santa Clara County of Education	Green Schoolyard Planning Grant for SCCOE's South County Annex & Sunol Campuses



DEPARTMENT OF FORESTRY AND FIRE PROTECTION

P.O. Box 944246
 SACRAMENTO, CA 94244-2460
 (916) 653-7772
 Website: www.fire.ca.gov



November 7, 2023

Brian Lee
 City of Covina
 125 East College Street
 Covina, CA 91723

8GA22418; City of Covina, "Royal Oak Middle School Greening and Forestry Plan"

This Agreement cannot be considered binding on either party until approved by appropriate authorized CAL FIRE designee. No services should be provided prior to approval, as the State is not obligated to make any payments on any Agreement prior to final approval. FAILURE TO RETURN ALL DOCUMENTS BY DATE BELOW MAY RESULT IN LOSS OF FUNDING.

Please contact Greg Dion at 909-553-8057 if you have questions concerning services to be performed.

1. Full grant agreement including terms and conditions, project grant application form, scope of work, budget, map, and other exhibits enclosed. Please sign, scan, and return the agreement to Alice Lander at alice.lander@fire.ca.gov no later than November 22, 2023.

Alternatively, you may opt to print (single sided), sign in blue ink, and return the agreement with original signature to:
 CAL FIRE

Attn: Grants Management Unit/UCF Grants
 P.O. Box 944246
 Sacramento, CA 94244-2460

In order to expedite your agreement, a scanned/electronic signature copy of the agreement is preferred.

2. Enclosed for your record is one fully executed copy of the agreement referenced above. When billing for services performed under this agreement, your invoices must reference the agreement number above and be submitted to the contract manager.

Thank you,

Alice Lander
 Grants Analyst
 Grants Management Unit

CC: Larissa Frees
 Walter Passmore
 Greg Dion

Enclosures

State of California
 Department of Forestry and Fire Protection (CAL FIRE)
 Resource Management
 GRANT AGREEMENT

APPLICANT: City of Covina
PROJECT TITLE: Royal Oak Middle School Greening and Forestry Plan
GRANT AGREEMENT: 8GA22418

PROJECT PERFORMANCE PERIOD is from date of latter signature by CAL FIRE Deputy Director or Grantee through 12/13/2024.

Under the terms and conditions of this Grant Agreement, the applicant agrees to complete the project as described in the project description, and the State of California, acting through the Department of Forestry & Fire Protection, agrees to fund the project up the total state grant amount indicated.

PROJECT DESCRIPTION: This funding will help to develop a concept-to-construction plan for the more than 51-acres Royal Oak Middle School open spaces and sports fields. The scope of work for this planning project will include concept designs, community and public outreach and workshops, environmental clearance, meetings with the Department of Education's Division of the State Architect, preliminary engineering, cost estimating, and project specifications.

Total State Grant not to exceed \$ 198,000.00 (or project costs, whichever is less).

**The Special and General Provisions attached are made a part of and incorporated into this Grant Agreement.*

City of Covina

**STATE OF CALIFORNIA
 DEPARTMENT OF FORESTRY
 AND FIRE PROTECTION**

Applicant

By



Signature of Authorized Representative

Print Name/

Title: Chris Marcarello, City Manager

By

Title: John Melvin
 Assistant Deputy Director, Resource Management

Date

11/8/23

Date

CERTIFICATION OF FUNDING

GRANT AGREEMENT NUMBER 8GA22418	PO ID	SUPPLIER ID 0000011696
FUND 0001	FUND NAME General Fund	
PROJECT ID 22EHGREENSCHOOL	ACTIVITY ID GRANTS	AMOUNT OF ESTIMATE FUNDING \$ 198,000.00
GL UNIT 3540	BUD REF 601	ADJ. INCREASING ENCUMBRANCE \$ 198,000.00
PROGRAM NUMBER 2470010	ENY 2022	ADJ. DECREASING ENCUMBRANCE \$ 0.00
ACCOUNT 5340580	ALT ACCOUNT 5340580000	UNENCUMBERED BALANCE \$ 198,000.00
REPORTING STRUCTURE 35409503	SERVICE LOCATION 96112	

Acknowledged - I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance.

 Certification of CAL FIRE Accounting Officer

 Date

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

TERMS AND CONDITIONS OF GRANT AGREEMENT

I. RECITALS

1. This Agreement, is entered into between the State of California, by and through the California Department of Forestry and Fire Protection (CAL FIRE), hereinafter referred to as "STATE" and, CITY OF COVINA, hereinafter referred to as "GRANTEE".
2. The STATE hereby grants to GRANTEE a sum (hereinafter referred to as "GRANT FUNDS") not to exceed ONE HUNDRED NINETY-EIGHT THOUSAND dollars (\$198,000.00).
3. In addition to the terms and conditions of this Agreement, the STATE and GRANTEE agree that the terms and conditions contained in the documents set forth below are hereby incorporated and made part of this agreement.
 - a. Green Schoolyards Grants California Department of Forestry and Fire Protection 2022/2023 Urban and Community Forestry Program Grant Guidelines.
 - b. The submitted Application, Scope of Work, Project Workbook, GHG Emissions Workbook and Exhibits
 - c. ADDENDUM to Green Schoolyards Grants California Department of Forestry and Fire Protection 2022/2023 Urban and Community Forestry Program Grant Guidelines.

4. SPECIAL PROVISIONS

1. Recipients of GRANT FUNDS pursuant to California Public Resources Code Section 4799.06-4799.12 shall abide by the provisions in this Agreement. This includes the requirement that work shall not commence prior to the execution of this Agreement by both parties. Any work started prior to the execution of this Agreement will not be eligible for funding under the terms of this Agreement.
2. As precedent to the STATE's obligation to provide funding, GRANTEE shall provide to the STATE for review and approval a detailed budget, specifications, and project description. Approval by the STATE of such plans and specifications, or any other approvals provided for in this Agreement, shall be for scope and quality of work, and shall not relieve GRANTEE of the obligation to carry out any other obligations required by this Agreement, in accordance with applicable law or any other standards ordinarily applied to such work or activity.

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

3. All informational products (e.g., data, studies, findings, management plans, manuals, photos, etc.) relating to California's natural environment produced with the use of GRANT FUNDS shall be available for public use.

III. GENERAL PROVISIONS

1. Definitions

- a. The term "Agreement" means grant agreement number 8GA22418.
- b. The term "GRANT FUNDS" means the money provided by the STATE to the GRANTEE in this Agreement.
- c. The term "GRANTEE" means an applicant who has a signed Agreement for the award for GRANT FUNDS.
- d. The term "Other Sources of Funds" means all matching fund sources that are required or used to complete the Project beyond the GRANT FUNDS provided by this Agreement.
- e. The term "STATE" means the State of California, Department of Forestry and Fire Protection (CAL FIRE).
- f. The term "Project" means the development or other activity described in the "Project Scope of Work".
- g. The term "Project Budget Detail" as used herein defines the approved budget plan.
- h. The term "Project Scope of Work" as used herein means the individual scope of work describing in detail the approved tasks.

2. Project Representatives

The project representatives during the term of the agreement will be:

STATE: CAL FIRE	GRANTEE: City of Covina
Section/Unit: Urban and Community Forestry	Section/Unit: N/A
Attention: Greg Dion	Attention: Brian Lee
Mailing Address: 1234 E. Shaw Ave Fresno, CA 93710	Mailing Address: 125 East College Street Covina, CA 91723
Phone Number: (559) 243-4109	Phone Number: (626) 384-5458 Secondary:
Email Address: Greg.dion@fire.ca.gov	Email Address: Blee@covinaca.gov

Changes to the project representatives during the term of the agreement shall be made in writing. Notice shall be sent to the above representative for all notice provisions of this Agreement.

3. Project Execution

- a. Subject to the availability of grant monies, the STATE hereby grants to the GRANTEE a sum of money (GRANT FUNDS) not to exceed the amount stated on Section I. RECITALS, Paragraph 2 in consideration of and on condition that the sum be expended in carrying out the purposes as set forth in the description of the Project in this Agreement and its attachments and under the terms and conditions set forth in this Agreement.
- b. GRANTEE shall assume any obligation to furnish any additional funds that may be necessary to complete the Project. Any amendment to the Project as set forth in the Application on file with the STATE must be submitted to the STATE for approval in writing. No amendment is allowed until written approval is given by the STATE.
- c. GRANTEE shall complete the Project in accordance with the time of Project performance set forth in this Agreement unless an amendment has

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

been approved and signed by the STATE under the terms and conditions of this Agreement. Amendments must be requested in advance and will be considered in the event of circumstances beyond the control of the GRANTEE, but no less than 60 days from the Agreement expiration date. The STATE may waive the minimum timeframe for amendments at their discretion. Approval of amendment is at the STATE's discretion.

- d. GRANTEE certifies that the Project Scope of Work complies with all local, State, and federal laws and regulations.
- e. GRANTEE shall comply with the California Environmental Quality Act (CEQA) (Public Resources Code, Section 21000, et. seq. Title 14, California Code of Regulations, Section 15000 et. seq.) and all other local, State, and federal environmental laws. A copy of the certified CEQA document must be provided to STATE before any GRANT FUNDS are made available for any Project activity that could directly impact the environment (e.g. cutting, piling or burning bush, masticating, dozer work, etc.). CEQA compliance shall be completed within one (1) year from start date of the Agreement. The start date is considered the latter date of signature by the Grantee Authorized Representative or CAL FIRE Deputy Director or designee. GRANT FUNDS will be made available in advance of CEQA compliance for project activities that do not have the potential to cause a direct environmental impact (e.g. project planning, locating and marking property or project boundaries, contacting and signing up landowners, etc.).
- f. GRANTEE shall permit periodic site visits by representative(s) of the STATE to ensure program compliance and that work is in accordance with the approved Project Scope of Work, including a final inspection upon Project completion.
- g. GRANTEE, and the agents and employees of GRANTEE, in the performance of this Agreement, shall act in an independent capacity and not as officers, employees, or agents, of the STATE. No person who, as an officer, employee, or agent of the STATE participated in the preparation or creation of or determination to award this Grant Agreement shall serve as an agent or employee of GRANTEE including but not limited to those acts prohibited by Government Code Sections 1090, and 87100.

4. Project Costs and Payment Documentation

- a. Payment by the STATE shall be made after receipt of an acceptable invoice and approval by a duly authorized representative of the STATE. GRANTEE shall submit an invoice for payment to the CAL FIRE Project Representative of the STATE. A final invoice shall be submitted no later

GRANT NUMBER 8GA22418
CITY OF COVINA

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

than 30 days after completion, expiration, or termination of this Agreement.

- b. For services satisfactorily rendered, and upon receipt and approval of invoices for payment, the STATE agrees to compensate GRANTEE for actual expenditures incurred in accordance with the rates and activities specified in the Final Project Budget Detail, Application, Scope of Work and Exhibits, and made a part of this Agreement.
- c. Equipment purchased using GRANT FUNDS, wholly or in part, must be used by the GRANTEE for the project for which it was acquired. STATE retains a vested interest in the equipment for the useful life of the equipment, even after completion of the grant. GRANTEE shall provide written disposition of the equipment upon completion of the grant and upon any changes to the disposition of the equipment. Such disposition must be approved in advance by STATE. Equipment purchased using GRANT FUNDS cannot be used as collateral, financed, or sold without prior written approval from the STATE. Grantee must provide reporting on equipment disposition no less frequently than biannually to CAL FIRE or upon CAL FIRE's request after completion of the grant project until notified in writing by the CAL FIRE Urban and Community Forestry Grant Program that additional reporting is no longer required.
- d. GRANTEE shall submit, in arrears, not more frequently than once a month, and required quarterly, an invoice to the STATE for costs paid by GRANTEE pursuant to this Agreement. Each invoice shall contain the following information: the Agreement number, the dates or time period during which the invoiced costs were incurred, signature of an authorized representative of GRANTEE, expenditures for the current invoice and cumulative expenditures to date by major budget category (e.g., salaries, benefits, supplies, etc.), match funds when applicable, and appropriate supporting documentation consistent with the Eligible Costs section, as detailed in the Green Schoolyards Grants California Department of Forestry and Fire Protection 2022/2023 Urban and Community Forestry Grant Guidelines.
- e. GRANT FUNDS in this Agreement have a limited period in which they must be expended. All GRANTEE expenditures must occur prior to the end of the Project performance period of this Agreement.
- f. Except as otherwise provided herein, GRANTEE shall expend GRANT FUNDS in the manner described in the Project Budget Detail approved by the STATE. The dollar amount of an item in a budget category may be increased or decreased by up to ten percent (10%) of the budget item through reallocation of funds from other budget categories, without approval by the STATE; however, GRANTEE shall notify the STATE in

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

writing when any such reallocation is made and shall identify both the item(s) being increased and those being decreased. Any increase or decrease of an item of more than ten percent (10%) of the budget category must be approved in writing by the STATE before any such increase or decrease is made. A formal approved amendment is required to increase the total amount of GRANT FUNDS.

- g. GRANTEE shall promptly submit any and all records at the time and in the form as the STATE may request.
- h. GRANTEE shall submit each invoice for payment electronically using the grants management system identified by CAL FIRE. Hard copy submissions will not be accepted.
- i. Notwithstanding any of the provisions stated within this Agreement, the STATE may at its discretion make advance payment from the grant awarded to the GRANTEE if GRANTEE is a nonprofit organization that is located in or providing service to disadvantaged or low-income communities. Advance payment made by the STATE shall be subject to the circumstance provisions below.
 - Multiple advance payments may be made to a GRANTEE over the life of a project.
 - No single advance payment shall exceed 25% of the total grant amount. Advance funds must be spent on eligible costs within six months of the advance payment receipt.
 - GRANTEE may request additional time to spend advance funds but must be approved in writing by the STATE. CAL FIRE will bill for the return of unliquidated advance funds after the approved timeframe.
 - Rolling advances of no more than 10% of the grant funds with additional advance requests are allowable once 50% of the previous advance has been expended and documents provided to CAL FIRE. These advances must be fully utilized within a three-month period unless additional time is approved by CAL FIRE.
 - Unless a rolling advance was approved, all work under a previous advance payment must be fully liquidated via an invoice and supporting documentation and completed to the STATE's satisfaction before another advance payment will be made.
 - Any advance payment received by a GRANTEE and not used for project eligible costs within the time period approved by STATE shall be returned to the STATE. The amount will be returned to the grant balance.

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ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

- Advance payments must be deposited into an interest-bearing account. Any interest earned on advance payment funds must be accounted for and used toward offsetting the project cost or returned to the STATE.
- j. The GRANTEE shall immediately reimburse or credit, as determined by the STATE, the STATE for any over payment of any invoice, including final invoice, when either party determines an overpayment was made.

5. Budget Contingency Clause

- a. If STATE funding for any fiscal year is reduced or deleted for purposes of the Urban and Community Forestry Grant Program, the STATE shall have the option to either cancel this Agreement with no liability occurring to the STATE, or if possible and desirable, offer an Agreement amendment to GRANTEE to reflect the reduced amount available for the Project.

6. Project Administration

- a. GRANTEE shall provide the STATE a written report showing total final Project expenditures and matching funds upon Project completion or grant expiration, whichever occurs first. GRANTEE must report to the STATE all sources of other funds for the Project. If this provision is deemed to be violated, the STATE will request an audit of GRANTEE and can delay the disbursement of funds until the matter is resolved.
- b. GRANTEE shall promptly submit written Project reports as the STATE may request throughout the term of this Agreement.
- c. GRANTEE shall submit a final accomplishment report, final invoice with associated supporting documentation, and copies of materials developed using GRANT FUNDS, including but not limited to plans, educational materials, etc. within 30 days of Project completion.

7. Financial Records

- a. GRANTEE shall retain all records described in Section 7(c) below for three (3) years after final payment by the STATE. In the case an audit occurs, all such records shall be retained for one (1) year from the date the audit is completed or the three (3) years, whichever date is later.
- b. GRANTEE shall maintain satisfactory financial accounts, documents, and records for the Project and make them available to the STATE for review during reasonable times. This includes the right to inspect and make

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

copies of any books, records, or reports of GRANTEE pertaining to this Agreement or matters related thereto.

- c. GRANTEE shall keep such records as the STATE shall prescribe, including, but not limited to, records which fully disclose (a) the disposition of the proceeds of state funding assistance, (b) the total cost of the Project in connection with such assistance that is given or used, (c) the amount and nature of that portion of the Project cost supplied by other sources, and (d) any other such records as will facilitate an effective audit. All records shall be made available to the STATE, other State of California agency, or other entity as determined by the State of California for auditing purposes at reasonable times.
- d. GRANTEE shall use any generally accepted accounting system.

8. Research

- a. GRANTEE that receives funding, in whole or in part, in the form of a research grant shall provide for free public access to any publication of a peer-reviewed manuscript describing STATE funded knowledge, STATE funded invention, or STATE funded technology shall be subject to the following conditions:
 - i. GRANTEE is responsible for ensuring that any publishing or copyright agreements concerning peer-reviewed manuscripts fully comply with this section.
 - ii. GRANTEE shall report to STATE the final disposition of the peer-reviewed manuscript, including, but not limited to, if it was published, date of publication, where it was published, and, when the 12-month time period from official date of publication expires, where the peer-reviewed manuscript will be available for open access.
- b. For a peer-reviewed manuscript that is accepted for publication pursuant to the terms and conditions of this Agreement, the GRANTEE shall ensure that an electronic version of the peer-reviewed manuscript is available to STATE and on an appropriate publicly accessible repository approved by the state agency, including, but not limited to, the University of California's eScholarship Repository at the California Digital Library, the California State University's ScholarWorks at the Systemwide Digital Library, or PubMed Central, to be made publicly available not later than 12 months after the official date of publication. GRANTEE shall make reasonable efforts to comply with this requirement by ensuring that the peer-reviewed manuscript is accessible on an approved publicly accessible repository, including notifying the state agency that the manuscript is available on a state-agency-approved repository. If the grantee is unable to ensure that

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

his or her manuscript is accessible on an approved, publicly accessible repository, the grantee may comply by providing the manuscript to the state agency not later than 12 months after the official date of publication.

- c. For publications other than those described in (b), including scientific meeting abstracts, GRANTEE shall comply by providing the manuscript to the STATE not later than 12 months after the official date of publication.
- d. The grant shall not be construed to authorize use of a peer-reviewed manuscript that would constitute an infringement of copyright under the federal copyright law described in Section 101 of Title 17 of the United States Code and following.
- e. Use of GRANT FUNDS for publication costs, including fees charged by a publisher for color and page charges, or fees for digital distribution are allowable costs but must be within the GRANT FUNDS and item 4 of the agreement.
- f. GRANTEE may request a waiver to the publication requirement if GRANTEE has an existing publication requirement that meets or exceeds the requirements of the research provision. Waiver shall include information on GRANTEE's existing requirements. Approval of the waiver is at STATE's discretion.

9. Project Termination

- a. This Agreement may be terminated by the STATE or GRANTEE upon 30-days written notice to the other party.
- b. If either party terminates the Agreement prior to the completion of the Project, GRANTEE shall take all reasonable measures to prevent further costs to the STATE under the Agreement and the STATE shall be responsible for any reasonable and non-cancelable obligations incurred by GRANTEE in the performance of this Agreement prior to the date of the notice to terminate, but only up to the undisbursed balance of funding authorized in this Agreement.
- c. Failure by GRANTEE to comply with the terms of this Agreement may be cause for suspension of all obligations of the STATE hereunder at the discretion of the STATE.
- d. Failure of GRANTEE to comply with the terms of this Agreement shall not be cause for the suspension of all obligations of the STATE hereunder if in the judgment of the STATE such failure was due to no fault of GRANTEE. At the discretion of the STATE, any amount required to settle at minimum

ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN

cost any irrevocable obligations properly incurred shall be eligible for reimbursement under this Agreement.

- e. Final payment to GRANTEE may not be made until the STATE determines the Project conforms substantially to this Agreement.

10. Hold Harmless

- a. GRANTEE shall defend, indemnify and hold the STATE, its officers, employees, and agents harmless from and against any and all liability, loss, expense (including reasonable attorney's fees), or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, attorney's fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of GRANTEE, its officers, agents, or employees. The duty of GRANTEE to indemnify and hold harmless includes the duty to defend as set forth in Civil Code Section 2778. This Agreement supersedes GRANTEE's right as a public entity to indemnify (see Government Code Section 895.2) and contribution (see Government Code Section 895.6) as set forth in Government Code Section 895.4.
- b. GRANTEE waives any and all rights to any type of express or implied indemnity or right of contribution from the STATE, its officers, agents, or employees for any liability resulting from, growing out of, or in any way connected with or incident to this Agreement.
- c. Nothing in this Agreement is intended to create in the public or in any member of it rights as a third-party beneficiary under this Agreement.

11. Tort Claims

FEDERAL:

The United States shall be liable, to the extent allowed by the Federal Tort Claims Act 28 United States Code 2671-2680, for claims of personal injuries or property damage resulting from the negligent or wrongful act or omission of any employee of the United States while acting within the scope of his or her employment, arising out of this Agreement.

STATE:

The State of California shall be liable, to the extent allowed by law and subject to California Government Code, Title 1, Division 3.6, providing for the filing of tort claims against the State of California, for personal injuries or property damage resulting from the negligent or wrongful act or omission of State of California

employees while acting within the scope of his or her employment, arising out of this Agreement.

12. Nondiscrimination

The State of California prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, sex, marital status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. GRANTEE shall not discriminate against any person on any of these bases.

13. Conflict of Interest

GRANTEE or anyone acting on behalf of GRANTEE shall not have any conflicting personal and/or financial interests in carrying out the duties of the Agreement.

14. Incorporation

The grant guidelines and the Project Scope of Work, Project Budget Detail and any subsequent amendments or modifications to the Project Scope of Work and Project Budget Detail approved in writing by the STATE are hereby incorporated by reference into this Agreement as though set forth in full in this Agreement.

15. Severability

If any provision of this Agreement or the Project Scope of Work thereof is held invalid, that invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provision or application, and to this end the provisions of this Agreement are severable.

16. Waiver

No term or provision hereof will be considered waived by either party, and no breach excused by either party, unless such waiver or consent is in writing and signed on behalf of the party against whom the waiver is asserted. No consent by either party to, or waiver of, a breach by either party, whether expressed or implied, will constitute consent to, waiver of, or excuse of any other, different, or subsequent breach by either party.

17. Assignment

This Agreement is not assignable by GRANTEE either in whole or in part.

18. Survival Clause

The obligations of the Parties under Section III General Provisions, Items 4 (c) and (j) of the Project Costs and Payment Documentation and Item 10 Hold Harmless of this Agreement shall survive the termination or expiration of the Agreement.

ADDENDUM – URBAN AND COMMUNITY FORESTRY GRANT PROJECTS

I. SPECIAL PROVISIONS

1. Grant funds shall be used on projects with the primary goal of reducing greenhouse gases (GHGs) and furthering the purposes of California’s Global Warming Solutions Act of 2006, Division 25.5 (commencing with Section 38500) of the Health and Safety Code, and related statutes.
2. Grantee shall report project and benefits information when requested by the State. This may include, but is not limited to, funding expended, acres treated, GHG emissions, trees planted, disadvantaged community benefits, energy/water savings, job creation, and other co-benefits.
3. Grantee shall maintain accurate and detailed records documenting project description, project location, and schedule, state dollars allocated, and leveraged funds throughout the duration of the project.
4. Failure of Grantee to meet the agreed upon terms of achieving required GHG reduction may result in project termination and recovery of funds.

II. MONITORING AND REPORTING REQUIREMENTS

All Urban and Community Forestry Grant projects are subject to emissions reporting and requirements. Grantee is expected to provide the appropriate materials for completing program quantification methodology. Grantee shall use the current reporting template provided by the STATE. The reporting shall be submitted to the STATE no less frequently than quarterly. In addition, STATE may request additional information in order to meet current GHG emissions quantification methodology requirements.

III. PROGRAM ACKNOWLEDGEMENT/RECOGNITION

All Urban and Community Forestry Grant projects must clearly display, identify and label themselves as being funded by CAL FIRE. Acknowledgements must contain the CAL FIRE logo as well as the following statement:

“Funding for this project provided by the California Department of Forestry and Fire Protection’s Urban and Community Forestry Program.”

A draft of the acknowledgement must be approved by the STATE prior to publication. For stationary projects, acknowledgement may include, but is not limited to, a sign on the project site. For other project types, such as vehicles, equipment, and consumer-based incentives, acknowledgement is encouraged by using a decal, sticker or other signage.

Applications: Royal Oak Middle School Greening and Forestry Plan

Please make sure you have read the Green Schoolyards Grant Guidelines: <https://www.fire.ca.gov/what-we-do/grants/urban-and-community-forestry-grants>. Reference the grant guidelines while completing the below application to ensure you are following all requirements.

For more information on how to use the eCivis platform please see the CAL FIRE Grants website <https://www.fire.ca.gov/what-we-do/grants>

Profile

hal@ebaplanning.com

Application/Project Title

Royal Oak Middle School Greening and Forestry Plan

Primary Project Contact Information

Full Name

Brian Lee, AICP

Email

BLee@covinaca.gov

Phone

626 384 5458

Address

125 East College Street

City

Covina

Zip Code

91723

State

California

Organization Information

Name of Organization

Covina, City of

Organization Type

City

Project Type?

Planning

Requested Grant Amount?

\$198,000.00

Matching Amount?

50,000

What is the matching fund source and the amount associated with each source?

Community Development Grant Program: \$20,000

Measure W: \$15,000

City Parks Fees: \$15,000

Are you requesting your matching amount be reduced or waived? If yes, explain why and by how much.

No.

What is your primary source of technical advice? List the principal professional's full name, title and contact information that is informing your site design, if available.

Five Point Designs landscape design firm, specializing in landscape design and architecture of urban public spaces. Jaime Yamashita is a principal of the firm and she is the primary source of technical advice. Her contact information is email: yama.jaime@gmail.com and phone: (415) 640-4193.

Five Point Designs landscape design firm will be accompanied by CEJ Engineers to assist in the development of topographic field surveying and mapping, and design floodwater collection areas. Both firms will collaborate in the landscape and construction drawings for the eventual completion of the Royal Oak Middle School Greening and Forestry project.

Partner Information

Partner Full Name

Jaime Yamashita, Five Point Design

Partner Title

Principal, Landscape Architect

Email

yama.jaime@gmail.com

Phone Number

Do you have any additional partners?

Yes

List additional partner's full name, title, and contact information.

Joaquin Certantes, P.E., Project Manager/Principal, CEJ Engineers, Inc., 1880 Amar Road, B13, Walnut, CA 91789, (626) 667-8676.

Explain the involvement the above partners will have with your project.

Five Point Designs (FPD) is a landscape design firm that manages local and regional agency projects within the greater Los Angeles region and oversees work throughout a project, from schematic design construction documentation through construction management. FPD's expertise is in quality control and assurance to ensure design projects are brought to fruition on time and within budget. FPD's expertise includes designing and managing streetscapes, parks, community outreach and engagement, master planning, and developing city-wide design guidelines. FPD staff will provide expertise in plant and tree types that will be adaptive to the San Gabriel Valley climate and select native plant species that will give the most effective carbon sequestration for the local conditions. Five Point Design architects will also work with design engineers to assist in creating stormwater capture infrastructures that will work best for the uses the school district is proposing for students and the public's recreational and sports activities. As a landscape designer and architect, Five Point Design will coordinate and oversee the progress of finalizing plans for construction, including managing public outreach consultants, designer and arborist inputs, environmental concerns, and engineering challenges associated with completing plans for a project site. Five Point Design will incorporate public and consultant inputs to finalize the concept drawings into full construction drawings. Five Point Design will also work closely with the California Division of Architect's project inspectors to ensure that the designs fully meet the State's building codes and complies with all structural, accessibility, fire, and safety codes.

The landscape architect will initiate a conceptual design for the site, including plant palate, design, amenities, and 3-D renderings for the site. This information will be used to conduct public outreach and engage the public on the park's design. Following this phase, a finalized conceptual design will be presented to the City Council for consideration and input. Following the approval of the conceptual designs, the landscape architect would proceed to design development, including the preparation of construction documents, specifications, and cost estimates for the park improvements.

The design development plan will include a phasing strategy for the park that will allow the City to construct improvements incrementally depending upon funding availability. It is estimated that this process will take 10 to 11 months to complete.

CEJ Engineers is a local civil engineering company specializing in low impact design and stormwater capture, recharge and infiltration systems. CEJ Engineers will provide the expertise in topographic field surveying and mapping and design floodwater collection areas. CEJ Engineers will be responsible for developing construction plans, specifications, and estimates for this planning project.

Upload Memorandum of Understanding (MOU) with the School District, if applicable.

Commitment Letter and MOU Documents.pdf

Upload Memorandum of Understanding (MOU) with the property owner, if applicable.

Not Applicable.pdf

Campuses

How many campuses are you working with?

1

Campus #1

Campus Name

Royal Oak Middle School

Campus Address

303 Glendora Avenue, Covina CA 91724

List county and census tract number(s) for this campus.

County of Los Angeles. The property site is located in Census Tract number 4037.22 and Assessors Parcel number (APN) 8428-16-907 and 8428-16-908.

Census tracts should be listed using the 10-digit number found for each tract on the map at <https://webmaps.arb.ca.gov/PriorityPopulations/>

Is this campus an in-need educational facility?

Yes

Explain in-need educational facility status

The Royal Oak Middle School is located in the City of Covina's ethnically diverse and economically challenged region. As described in the supporting documentation attached below, CalEnviroScreen shows the school site (6037-4037.22) as 71.55 percentile as a poverty indicator result. California's Climate Investments Priority considers this same census tract a low-income community, with the surrounding communities ranging from 70 to 90 percent. In addition, the school site shows 70.3 percent of the school student eligible for free and reduced-price meals based on the CA Department of Education's Unduplicated Pupil Count of Free and Reduced Price Meals indicators. The school sites also consider health concerns to indicate in-need educational facilities status. The Center for Air, Climate, and Energy Solutions shows high levels of air pollutants near the school site. High levels of fine particulate matter (14.3 percentile) and ozone concentrations (22.3 percentile) are the highest in Los Angeles County. In addition, this region experiences high heat events of more than 100 degrees Fahrenheit for eight or more days annually, and this trend continues to rise. This local region has less than 0.4 acres of park space per 1,000 residents, indicating that this community needs to be more parks and open spaces.

Upload supporting documentation here.

001 aFinal Covina Schoolyard Maps and Stats.pdf

Project Background

The Royal Oak Middle School has a long history of transformation on the property site. The middle school was originally the Royal Oak High School which opened in 1965. In 1985, the high school relocated north, and the former high school was converted into a middle school serving sixth through eighth-grade students. In 2007, the school district changed the school site to serve only seventh and eighth-grade students, providing high-caliber, quality public education for the southern portion of the City of Covina. The Royal Oak Middle School is within a census tract (60374037.22), with more than 71 percent of this community of low-income community status (CalEnviroScreen: Poverty Indicator). This middle school houses more than 630 students, with more than 70 percent participating in the State's Free and Reduced-Price Meals (CA Dept of Education, Free or Reduced-Price Meals: Student Poverty Data) program.

This transformation drastically reduced the need to utilize and maintain a more than 51-acre site. Today, the school uses less than half the site for education, physical activities, and sports curriculums. Thus maintenance of the property site has become financially challenging, especially the former running track, football, and baseball fields. Since 2007, the school district has sought solutions to reducing the maintenance of the excess property by selling the surplus property to developers for either housing or commercial uses. Residents objected to the partial conversion of the school site claiming that the redevelopment of the school's excess land to either residential or commercial services will increase the impacts on the local community by increasing traffic and congestion. In 2018, the school district approached the City to offer a joint-use park facility that will retain open and recreation spaces for the middle school while providing educational awareness of nature and wildlife through interpretive native and butterfly gardens. This proposed plan will also recommend the type and number of native trees to be planted on the property site for the establishment of an urban forest to benefit the school students and the community.

In November 2022, the City and School District finalized a Memorandum of Understanding (MOU) to jointly develop a facility at the Royal Oak Middle School that offers sustainable sports and recreation uses that integrate natural and environmental features to: 1) reduce water consumption through the reduction of grass fields and the planting of drought-tolerant native trees and shrubs, 2) retain stormwater runoff through the creation of bioswales, stormwater retention systems, and permeable sports fields, playgrounds, walking trails, and running tracks, 3) improve air quality and reduce urban heat islands through the planting of drought-tolerant, high carbon sequestering tree canopies and shrubs and removal of underutilized asphalt play areas, and 4) providing educational learning and nature centers through the creations of educational interpretive gardens and butterfly sanctuaries. When completed, this urban greening and forestry project will be one of the largest in this region's east San Gabriel Valley community.

Project Objectives

The objectives of this project are to plan for the reconstruction of the existing Royal Oak Middle School site to help reduce maintenance and operating costs while reducing urban heat islands by planting drought-tolerant native carbon sequestration tree canopies and shrubs, installing stormwater capture and bioswale features, permeable walking trails and sports fields, interpretive native-species nature gardens, butterfly sanctuary gardens, and safety and security solar powered lighting, and redesigning playing fields, playgrounds, and eating areas to reduce hardscape and asphalt areas.

This funding will help to develop a concept-to-construction plan for the more than 51-acres Royal Oak Middle School open spaces and sports fields. The scope of work for this planning project will include concept designs, community and public outreach and workshops, environmental clearance, meetings with the Department of Education's Division of the State Architect, preliminary engineering, cost estimating, and project specifications.

The timeline for this planning project is to complete the planning and design of the school property site within one year from the funding agreement approval between the State and City. Should funding be awarded, the City, in partnership with the school district, will immediately work to acquire the contract consultants, designers, engineers, and public outreach advisors for this planning project. City staff will ensure that the City will submit the final invoice within 30 days after the planning project's completion.

This planning process will specify the type of drought-tolerant native-species trees and shrubs to be recommended for planting. A licensed landscape architect or arborist will recommend native tree and shrub species and locations mapped on the plans. The City and school district will work together to provide the school site with a plant palette that compliments the Southern California climate zone, including drought-tolerant plants and native species, and is safe for school-aged children. The landscape architect or arborist will recommend tree species such as Canyon Live Oaks, Englemann Oaks, Honey Mesquite, Desert Willows, and shrub species such as Santa Cruz Island, Conejo, and California Buckwheats, White Sages, Dwarf Coyote Brush, Deer Grass, and Manzanitas will be considered and will be determined through thorough analysis by a certified landscaped architect or arborist. The proposed interpretive and butterfly gardens will also introduce students to hardy, drought-tolerant, and climate-favorable flowering plants, such as sunflowers, marigolds, fuchsias, milkweeds, and gumweeds. In addition, educational gardens will also introduce students to urban agriculture and farming to expose students to the caring of fruit trees, such as Clementine Mandarins, Nagami Kumquats, McIntosh Apples, and Eversweet Pomegranates, etc. Students and the neighboring communities will also benefit from the urban greening and forestry schoolyard through the planned development of interpretive native gardens, a butterfly reserve, and plant and animal species signage .

Site Images - Provide 5-10 representative site photos and 1 aerial image of each school campus.

PHOTOS Covina_GreenSchoolyards_Photos.pdf

Add Campus?

No

Add Campus?

No

Add Campus?

No

Add Campus?

No

If you have more than 5 campuses, download and complete the Green Schoolyard Additional Campuses (Planning) form and attach below.
Not Applicable.pdf

Certifications & Forms

See grant guidelines for additional information on each required item <https://www.fire.ca.gov/what-we-do/grants/urban-and-community-forestry-grants>.

CAL FIRE Environmental Checklist

environmental-checklist-SIGNED.pdf

Grants Resolution

e 2023- 22 Resolution CC.pdf

STD 019 Nondiscrimination Compliance Statement form

NonDiscrimination Compliance Statement.pdf

STD 021 Drug-free Workplace Certification form

Drug-Free Workplace Certification.pdf

STD 204 Payee Data Record form

Payee Data Record - Finance-MFP01_075393.pdf

Letters of Commitment

Commitment Letter pdf.pdf

Articles of Incorporation

Not Applicable.pdf

Statement of Compliance With All Applicable Laws - I certify that we will abide by all applicable federal, state, and local laws, ordinances, regulations and policies in carrying out this State bond-funded project. Failure to do so will lead to cancellation of the grant award.

Check here

Checklist of Necessary Forms To Be Completed

CAL FIRE Urban Forestry Environmental Checklist, Proof of in-need educational facility status for each campus, 5-10 site photos and 1 aerial image per campus, MOU with each respective school district, if the school district is not the applicant., State of California Non-Discrimination Compliance (STD. 19), State of California Drug-Free Workplace Certification (STD. 21), State of California Payee Data Record (STD. 204), Overall Project Budget, Articles of Incorporation, Resolution

Explanation of Budget and Costs

The details of this project's budget, purpose, and costs are explained below:

Contractual: Concept Design Plans (Design Engineering and Landscape Architect Consultants)Contract: Landscape architect will coordinate with civil engineer. City expects to hire design and engineering and landscape architect consultants to develop concept plans to present to the local community and arborist to finalize concept design. (\$70,000)

Contractual: Preliminary Engineering (Contract Design and Engineering Consultants): Civil engineer. Civil design engineering consultants will collaborate with design team to incorporate community engagement, landscape architect and arborist comments and recommendations. (\$60,000)

Contractual: PSE Construction Drawings (Design and Engineering Consultants): Civil engineer will collaborate with landscape architect. Civil design engineering consultant to finalize Plans, Specifications, and Estimates for construction drawing approvals. (\$70,000)

Contractual: Arborist Review and Approval: Arborists to review plans and recommend improvements to optimal native plant selections and site locations. (\$10,000)

Contractual: Outreach and Education Consultants: Outreach consultant to reach out to the community and provide educational and community presentation and informational materials. Also to lead community and school outreach workshops and presentations for comments and recommendations on the project site. (\$28,000)

Contractual: Division of State Architecture Consultant: DSA consultant to assist the City in completing the permitting process for DSA approval. DSA consultant will also provide assistance in Division of State Architecture permit approval process. (\$10,000)

The Total Cost Estimate for the 'planning-only' portion of the Royal Oak Middle School Greening and Forestry Plan totals \$248,000.

Concept Design and Design Engineering:	CalFire Grant Request: \$160,000.	Local Match: \$50,000.	Total Amount: \$210,000
Community/Neighborhood Outreach:	CalFire Grant Request: \$ 28,000.		Total Amount: \$ 28,000
State Architect:	CalFire Grant Request: \$ 10,000.		Total Amount: \$ 10,000
	Total Cost Estimate:	\$198,000.	\$50,000. \$248,000

Urban and Community Forestry Green Schoolyards grant request:	\$198,000
City of Covina Local Match:	\$ 50,000
Total Budget Cost:	\$248,000

Attestation

Full Name

Brian Lee

Title

Director, Community Development Department

I hereby attest and certify that the above and attached information is true, accurate, and correct. I have read and understand the CAL FIRE Urban Forestry Green Schoolyards Grant Guidelines for 2022/2023.

Check here

View Budget Worksheet

<https://portal.ecivis.com/#!/peerBudget/888BE78F-3DE9-4379-8D13-0EACDA096E1C>

View Application Goals

<https://portal.ecivis.com/#!/peerGoals/C74EC433-F3A5-498B-865D-5CB440F977B7>

Applicant Information - Primary Project Contact

Tell us about you.

Linked Applicant

hal@ebaplanning.com

First name

hal

Last name

suetsugu

Email

hal@ebaplanning.com

Title

company

Company Website

Phone

626-799-8011

Fax

Address

750 east green street

Address 2

301

City

pasadena

State

California

Organization Information

Tell us about your organization.

Organization Name

City of Covina

Organization Type

City

Employer Identification Number (EIN)

DUNS

Authorized Representative

Brian Lee, Director of Community Development

Business/Finance Representative

Anita Agramonte, Director of Administrative Services

Congressional District/Region

Grace Napolitano, 31st District, East San Gabriel Valley region

Address

125 East College Street, Covina, CA

City

County

Zip

91723

Phone

626-384-5400

Phone Extension

Email

BLee@CovinaCA.gov

Applicant Information - Secondary Project Contact

First name

Daniella

Last name

Andrade

Phone

626-384-5445

Address

125 East College Street, Covina

State

California

Budget Report

Passthrough Agency: California Department of Forestry and Fire Protection (CAL FIRE)
 Program: FY22-23 Urban and Community Forestry Green Schoolyards
 Stage: Pre-Award

Report Date: 08/10/2023
 Requested By: hal suetsugu
hal@ebaplanning.com

Budget Items

Category	Title	Description	Units	Unit Cost	Extended Cost	Direct Cost	Indirect Cost	GL Account	Local Match Cost Share	Type
Salaries & Wages										
Salaries & Wages Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	Direct Cost
Employee Benefits										
Employee Benefits Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
Contractual										
	Concept Design Plans: Design Engineering and Landscape Architect Consultants	Contract: Landscape architect will coordinate with civil engineer. City expects to hire design and engineering and landscape architect consultants to develop concept plans to present to the local community and arborist to finalize concept design.	1	\$70,000.00	\$70,000.00	\$40,000.00	\$0.00		\$30,000.00	Direct Cost
	Preliminary Engineering: Contract Design and Engineering Consultants	Contract: Civil engineer. Civil design engineering consultants will collaborate with design team to incorporate community engagement, landscape architect and arborist comments and recommendations.	1	\$80,000.00	\$80,000.00	\$80,000.00	\$0.00		\$0.00	Direct Cost
	PSE Construction Drawings: Design and Engineering Consultants	Contract: Civil engineer will collaborate with landscape architect. Civil design engineering consultant to finalize Plans, Specifications, and Estimates for construction drawing approvals.	1	\$70,000.00	\$70,000.00	\$50,000.00	\$0.00		\$20,000.00	Direct Cost
	Arborist Review and Approval	Contract: Arborists to review plans and recommend improvements to optimal native plant selections and site locations.	1	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00		\$0.00	Direct Cost
Contractual Total			0		\$210,000.00	\$160,000.00	\$0.00		\$50,000.00	Local Match
Travel & Per Diem										
Travel & Per Diem Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
Supplies										
Supplies Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
Equipment										
Equipment Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
Outreach/Education										
Outreach/Education Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	Direct Cost
Other Costs										
	Outreach and Education Consultants	Contract. Outreach consultant to reach out to the community and provide educational and community presentation and informational materials. Also to lead community and school outreach workshops and presentations for comments and recommendations on the project site.	1	\$28,000.00	\$28,000.00	\$28,000.00	\$0.00		\$0.00	Direct Cost
	Division of State Architecture Consultant	Contract. DSA consultant to assist the City in completing the permitting process for DSA approval. DSA consultant will also provide assistance in Division of State Architecture permit approval process.	1	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00		\$0.00	Direct Cost
Other Costs Total			0		\$38,000.00	\$38,000.00	\$0.00		\$0.00	Local Match
Indirect Cost										
Indirect Cost Total			0	\$0.00	\$0.00	\$0.00	\$0.00		\$0.00	
Other										
Other Total			1	\$248,000.00	\$248,000.00	\$198,000.00	\$0.00		\$50,000.00	
Grant Total			1	\$248,000.00	\$248,000.00	\$198,000.00	\$0.00		\$50,000.00	Local Match

Budget Report

Agency: California Department of Forestry and Fire Protection (CAL FIRE)

Program: FY22-23 Urban and Community Forestry Green Schoolyards

Stage: Pre-Award

Report Date: 08/10/2023

Requested By: hal suetsugu

hal@ebaplanning.com

Narrative

The City of Covina and Charter Oak Unified School District will collaborate to develop a site plan for Royal Oak Middle School to create drought-tolerant and native urban forested open spaces within the 51 acres of school property. The City is proposing the 'planning-only' project for the Royal Oak Middle School to cost \$248,000, of which the City is requesting \$198,000 grant funding from the California Department of Forestry and Fire Protection (CAL FIRE) and match funds of \$50,000 from various local sources, including \$20,000 from the City's Community Development Grant Program, \$15,000 from the City's Measure W funds and \$15,000 for the City's Parks Fees. The budget will include three phases: 1) Concept Design, 2) Design Engineering and Construction Plans, 3) Community and Neighborhood Outreach, and 4) Division of State Architect approvals. The City plans to contract consultants that are experts in their field of work to complete each of the four phases of the planning process.

Concept Design includes six tasks: A) Data Gathering and Environmental Assessment [\$10,000], B) Schematic Designs [\$30,000], C) Design Development - 60% CD [\$50,000], D) Plan Check - 90% CD [\$10,000], E) Construction Documentation and Estimates [\$50,000], and F) Phasing Plans [\$10,000].

The budget for the three phases is estimated as follows: 1) Concept Design costs total \$160,000. 2) Community and Neighborhood Outreach is estimated to total \$28,000, and 3) Division of State Architect review and approvals total \$10,000.

The cost estimate for the 'planning-only' portion of the Royal Oak/Covina Joint Schoolyard Greening Design Plan totals \$198,000 (includes a 1% reduction requested by CAL Fire on 08/28/2023).

Revisions requested by CalFire are highlighted in red font.

RESOLUTION CC 2024-06

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AMENDING THE FISCAL YEAR 2023-2024 OPERATING BUDGET TO ACCEPT AND APPROPRIATE \$198,000 IN GRANT REIMBURSEMENT FUNDS, \$25,000 IN LOCAL MATCH REIMBURSEMENT FUNDS (COUSD), AND \$25,000 IN LOCAL MATCH FUNDS (GENERAL FUND), TO FACILITATE THE ROYAL OAK MIDDLE SCHOOL GREENING AND FORESTRY PLAN (PLANNING GRANT)

WHEREAS, the City of Covina is a municipal corporation duly organized and existing pursuant to the Constitution and laws of the State of California; and

WHEREAS, on November 16, 2022, the City of Covina and Charter Oak Unified School District (COUSD) entered into a Memorandum of Understanding, regarding a joint effort to improve existing recreational facilities at Royal Oak Middle School located at 303 S. Glendora Avenue; and

WHEREAS, the Green Schoolyards Grant Program, administered by the California Department of Forestry and Fire Protection (CalFIRE), is a grant program designed to boost nature-based designs on school campuses to promote children's outdoor learning, mitigate heat extremes on school campuses, and improve connection to nature; and

WHEREAS, the City of Covina applied for a grant award under the Green Schoolyards Grant Program, Fiscal Year 2022-2023 for the purposes of planning facility improvements at Royal Oak Middle School; and

WHEREAS, the City of Covina received a CalFIRE grant award, totaling a maximum of One hundred and Ninety-Eight Thousand Dollars (\$198,000) in reimbursable funds for the City to develop a Greening and Forestry Plan for the Royal Oak Middle School Property; and

WHEREAS, the budget for the City of Covina for fiscal year commencing July 1, 2023, and ending June 30, 2024, was approved on May 16, 2023; and

WHEREAS, the approved budget is in accordance with all applicable ordinances of the City and all applicable statutes of the State; and

WHEREAS, on occasion, the City Council will deem it necessary to amend the Operating Budget to facilitate a project the City Council deems necessary and important; and

WHEREAS, those amendments to the Budget shall be by approval and memorialized by Resolution of the City Council.

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

ATTACHMENT D

SECTION 1. Amend the fiscal year 2023-2024 Operating Budget as follows:

Table 4. Proposed Amendment to the Fiscal Year 2023-2024 Operating Budget				
GL Description	Account	Original Budget	Increase	Amended Budget
Other State Grants-Street Trees-Consulting	46002250-51005	\$0	\$248,000	\$248,000
Other State Grants-Street Trees-Other State Grants	46002250-42190	\$0	\$198,000	\$198,000
Parks CIP-Street Trees-Other Gov't Units	46002250-42990	\$0	\$25,000	\$25,000
Parks CIP-Street Trees-Transfer In General	46002250-49110	\$0	\$25,000	\$25,000
General Fund-Street Trees-Transfer Out Cap Proj	10102250-59140	\$0	\$25,000	\$25,000

SECTION 2. The City Clerk shall certify as to the adoption of this resolution.

APPROVED and **PASSED** this 6th day of February 2024.

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution CC 2024-06 was duly adopted by the City Council of the City of Covina at a regular meeting held on the 6th day of February, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is dated February 6, 2024 (“Effective Date”) and is between the City of Covina, a California municipal corporation (“City”), and Active San Gabriel Valley, a California Tax-Exempt Entity (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. City desires to utilize the services of Consultant as an independent contractor to Provide community outreach and engagement services for the Royal Oak Middle School Urban Greening and Forestry Grant Project.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

1. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2024, unless sooner terminated as provided in Section 14 of this Agreement. The City may, upon mutual agreement, extend the contract for one (2)additional one year terms. In no event shall the contract be extended beyond December

2. Compensation.

A. Compensation. As full compensation for Consultant’s services provided under this Agreement, City shall pay Consultant the total flat sum of Twenty Seven Thousand Seven Hundred and Fifty Dollars (\$27,750.00) (the “maximum compensation”), as set forth in the Approved Fee Schedule, attached hereto as **Exhibit A**. Any terms in Exhibit A, other than the payment rates and schedule of payment, are null and void.

B. Expenses. The amount set forth in paragraph A shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

A. Additional Services. City shall not allow any claims for additional services performed by Consultant, unless the City Council and the Consultant Representative authorize the additional services in writing prior to Consultant’s performance of the additional services or incurrance of additional expenses. Any additional services or expenses authorized by the City Council shall be compensated at the rates set forth in **Exhibit A**, or, if not specified, at a rate mutually agreed to by the parties. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

3. Consultant’s Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services, attached as **Exhibit A**. City may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the “City Representative”). For the purposes of this Agreement, the Consultant Representative shall be David Diaz, Executive Director (the “Consultant Representative”). The Consultant Representative shall directly manage the Consultant’s services under this Agreement. Consultant shall not change the Consultant Representative without City’s prior written consent.

C. Time for Performance. Consultant shall commence the services on the Effective Date and shall perform all services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

C. Standard of Performance. Consultant shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

D. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant shall determine the means, methods, and details by which Consultant’s personnel will perform the services under this Agreement. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the services and compliance with the customary professional standards.

E. Compliance with Laws. The Consultant shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City and its agents shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

F. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis or less frequently, for actual services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period, hourly rates charged, if applicable, and the amount due. If City disputes any of Consultant’s fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

B. Payment. City shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth in Section 2 of this Agreement. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Finance Director.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this agreement available during Consultant's regular working hours to City for review and audit by City.

5. Ownership of Documents. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed ("written products") pursuant to this Agreement shall become the sole property of the City without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

6. Independent Contractor.

A. Consultant is, and shall at all times remain as to City, a wholly independent contractor and not an employee of City. The personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees. Consultant shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City. Consultant and Consultant's personnel shall not supervise any of City's employees; and City's employees shall not supervise Consultant's personnel. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City; and Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of any of the services under this Agreement. Consultant shall acquire and maintain, at its sole cost and expense, such vehicles, equipment, and supplies as Consultant's personnel require to perform any of the services required by this Agreement. Consultant shall perform the services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product related to Consultant's performance of the services under this Agreement, or as may be necessary to inspect or visit City locations and/or private property to perform the services. City may make a computer available to Consultant from time to time for Consultant's personnel

to obtain information about or to check on the status of projects pertaining to the services under this Agreement.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with their performance of the services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Notwithstanding any other agency, state, or federal policy, rule, regulation, statute or ordinance to the contrary, Consultant and any of its officers, employees, agents, and subcontractors providing any of the services under this Agreement shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including, but not limited to, eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits.

C. Consultant shall indemnify and hold harmless City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's personnel practices. or to the extent arising from, caused by, or relating to the violation of any of the provisions of this Section 6. In addition to all other remedies available under law, City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Section 6. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

7. PERS Compliance and Indemnification.

A. General Requirements. The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the services under this Agreement, Consultant shall assure compliance with the Public Employees' Retirement Law, commencing at Government Code Section 20000, the regulations of PERS, and the Public Employees' Pension Reform Act of 2013, as amended. Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

B. Indemnification. Consultant shall defend (with legal counsel approved by City, whose approval shall not be unreasonably withheld), indemnify, and hold harmless City, and its City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's violation of any provisions of this Section 7. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

8. Confidentiality. All data, documents, discussion, or other information (collectively "data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential. Consultant shall keep all data confidential and shall not disclose any data to any person or entity without City's prior written consent. City shall grant such consent if disclosure is legally required. Consultant shall return all data to City upon the expiration or termination of this Agreement. Consultant's covenant under this Section 8 shall survive the expiration or termination of this Agreement.

9. Conflicts of Interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section 9 into any subcontract that Consultant executes in connection with the performance of this Agreement.

10. Indemnification.

A. Indemnities for Third Party Claims.

1) To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole

negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liability with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the workers' compensation law regarding Consultant and Consultant's employees. Consultant shall indemnify and hold City harmless from any failure of Consultant to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Subparagraph A. 2).

3) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations, Consultant shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

B. Workers' Compensation Acts not Limiting. Consultant's indemnifications and obligations under this Section 10, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 10 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Consultant's indemnifications and obligations under this Section 10 shall survive the expiration or termination of this Agreement.

11. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Four Million Dollars (\$4,000,000) per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 11.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Consultant has no employees while performing services under this Agreement, workers' compensation policy is not required, but Consultant shall provide an executed declaration that it has no employees.

4) Professional Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 11 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 11.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 11 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section 11 shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section 11 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to City. If any insurance policy required under this Section 11 is canceled or reduced in coverage or limits, Consultant shall, within two (2) business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section 11 in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section 11, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 11. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 10 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 11.

12. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for Consultant's proper performance of the services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against the City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

13. Records and Inspections. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of four (4) years. Consultant shall, without charge, provide City with access to the records during normal business hours. City may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

14. Termination or Suspension of Agreement.

A. Right to Terminate or Suspend. City may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least seven (7) calendar days before the termination or suspension is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least sixty (60) calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

15. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

16. Notices. Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Consultant's and City's regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to City:
Attn: Daniella Andrade

If to Consultant:
David Diaz

City of Covina
125 E. College Street|
Covina, California 91723

Executive Director
10900 Mulhall Street
El Monte, CA 91731

17. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

18. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 18 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 18, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

19. No Third Party Beneficiaries Intended. Except as otherwise provided in Section 10, this Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

20. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

21. Exhibits. Exhibits A constitutes a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

22. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the

parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

23. Amendment of Agreement. This Agreement may be amended only by a writing signed by both parties. The City Manager is authorized to sign an amendment to this Agreement on the City Council's behalf and without the City Council's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

24. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

25. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

26. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

27. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over the City of Covina.

28. Attorneys' Fees. In any litigation or other proceeding by which on party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys' fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

29. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

30. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

City:

City of Covina,
a California municipal corporation

By: _____
Name: Chris Marcarello
Title: City Manager

ATTEST:

By: _____
Name: Fabian Velez
Title: Chief Deputy City Clerk

Consultant:

Active San Gabriel Valley
a California Non-profit Corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)

EXHIBIT A
APPROVED SCOPE & FEE SCHEDULE



SCOPE OF WORK

ActiveSGV was formed in 2010 by a group of San Gabriel Valley residents, public health activists, and community leaders. Over the past decade, the organization has grown from an all-volunteer group to a professionally staffed organization led by 26 full-time staff members committed to realizing a more sustainable, equitable, and liable San Gabriel Valley. With many staff and volunteers stemming from these communities and residing within them, ActiveSGV is deeply invested in advancing positive change in the San Gabriel Valley. ActiveSGV is proposing an interactive, iterative community engagement approach to engage residents to inform the project's design and raise project awareness.

Task 1 - Project Management

Task 1.1: Project Meetings

ASGV will hold monthly meetings with the Project team to discuss the specifics of the community outreach meetings and strategies.

Deliverable: Copy of agendas

Task 1.2: Monthly Invoices

ASGV will submit monthly invoices for work completed to the City of Covina for review and approval.

Deliverable: Monthly invoices

Task 2 - Public Engagement

Task 2.1 - Community Engagement Pop-Ups (5)

With the project team, ASGV staff will select five dates to host a table at a nearby community event, a school event, or the site to engage folks through a participatory design process. We aim to share project fact sheets, invite folks to upcoming events, or participate in the survey.

Deliverable: List of events, event summaries



Task 2.2 - Survey development and data collection

In partnership with the Project team, ASGV will develop a community survey to gather input and feedback on the design. ASGV staff will go door to door within a .25-mile radius of the project to collect surveys and inform households about the project. We expect to collect at least 200 unique responses.

Deliverable: Survey Questions and Survey Results, canvassing log

Task 2.3 - Community Presentations

With the Project Team, ASGV will coordinate two community presentations, prioritizing existing events such as the PTSA meetings at the school or related meetings.

Deliverable: Copy of presentation, event summary

Task 2.4 - Community Mailers

ActiveSGV will develop three multilingual mailers to send to approximately 2500 households within a .5-mile radius of the project location. The mailers can include project information, community presentation invitations, or design survey participation.

Deliverable: Copy of mailers

Task 2.5 - Digital Outreach

ActiveSGV will develop multilingual copy to inform, invite, and collaborate with Covina households on the project design. We have access to approximately 21,000 phone numbers we can reach to inform, invite, and collaborate with Covina residents.

Deliverable: Copy of text banking copy

Task 2.6 - Social Media Outreach

ActiveSGV will develop three unique social media collateral materials to inform, invite, and collaborate with Covina residents regarding the project's progress and design. The collateral materials will be in Spanish and English.

Deliverable: Copy of collateral materials

SCOPE OF SERVICES	DELIVERABLES	UNITS	COST	TOTAL	Months from NTP											
					1	2	3	4	5	6	7	8	9	10	11	
Task 1 - Project Management					\$2,700.00											
Task 1.1: Project Meetings	Project Meeting Agenda and Meeting Minutes	6	\$300.00	\$1,800.00												
Task 1.2: Monthly Invoices	Monthly Invoices	6	\$150.00	\$900.00												
Task 2 – Public Engagement					\$25,050.00											
Task 2.1: Community Engagement Pop Ups	List of events, event summary	5	\$1,000.00	\$5,000.00												
Task 2.2: Survey development and data collection	Survey Questions and Survey Results, canvassing log	200	\$45.00	\$9,000.00												
Task 2.3: Community presentations	Copy of presentation and event summary	2	\$1,100.00	\$2,200.00												
Task 2.4: Community Mailers (Eng/Spanish to 5 mile radius of site)	Copy of mailers	7500	\$0.60	\$4,500.00												
Task 2.5: Digital outreach (text banking)	Text banking copy (3)	21000	\$0.10	\$2,100.00												
Task 2.6: Social Media Outreach	Copy of collateral materials	3	\$750.00	\$2,250.00												
TOTAL				\$27,750.00												

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is dated February 6, 2024 (“Effective Date”) and is between the City of Covina, a California municipal corporation (“City”), and Five Point Design, a Sole Proprietor (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. City desires to utilize the services of a Consultant as an independent contractor to perform professional landscape architect services for the Royal Oak Middle School Greening and Forestry Plan Project.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

1. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2024, unless sooner terminated as provided in Section 14 of this Agreement. The City may, upon mutual agreement, extend the contract for two (2) additional one-year terms. In no event shall the contract be extended beyond December 31, 2026

2. Compensation.

A. Compensation. As full compensation for Consultant’s services provided under this Agreement, City shall pay Consultant the total flat sum of One Hundred and Five Thousand Dollars (\$105,000.00) (the “maximum compensation”), as set forth in the Approved Fee Schedule, attached hereto as **Exhibit A**. Any terms in Exhibit A, other than the payment rates and schedule of payment, are null and void.

B. Expenses. The amount set forth in paragraph A shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

A. Additional Services. City shall not allow any claims for additional services performed by Consultant, unless the City Council and the Consultant Representative authorize the additional services in writing prior to Consultant’s performance of the additional services or inurrence of additional expenses. Any additional services or expenses authorized by the City Council shall be compensated at the rates set forth in **Exhibit A**, or, if not specified, at a rate mutually agreed to by the parties. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

3. Consultant’s Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services, attached as **Exhibit A**. City may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Consultant Representative shall be Jaime Yamashita, RLA (the "Consultant Representative"). The Consultant Representative shall directly manage Consultant's services under this Agreement. Consultant shall not change the Consultant Representative without City's prior written consent.

C. Time for Performance. Consultant shall commence the services on the Effective Date and shall perform all services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

C. Standard of Performance. Consultant shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

D. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant shall determine the means, methods, and details by which Consultant's personnel will perform the services under this Agreement. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the services and compliance with the customary professional standards.

E. Compliance with Laws. The Consultant shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City and its agents shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

F. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis or less frequently, for actual services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period, hourly rates charged, if applicable, and the amount due. If City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

B. Payment. City shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth in Section 2 of this Agreement. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Finance Director.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this agreement available during Consultant's regular working hours to City for review and audit by City.

5. Ownership of Documents. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed ("written products") pursuant to this Agreement shall become the sole property of the City without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

6. Independent Contractor.

A. Consultant is, and shall at all times remain as to City, a wholly independent contractor and not an employee of City. The personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees. Consultant shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City. Consultant and Consultant's personnel shall not supervise any of City's employees; and City's employees shall not supervise Consultant's personnel. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City; and Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of any of the services under this Agreement. Consultant shall acquire and maintain, at its sole cost and expense, such vehicles, equipment, and supplies as Consultant's personnel require to perform any of the services required by this Agreement. Consultant shall perform the services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product related to Consultant's performance of the services under this Agreement, or as may be necessary to inspect or visit City locations and/or private property to perform the services. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the services under this Agreement.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with their performance of the services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Notwithstanding any other agency, state, or federal policy, rule, regulation, statute or ordinance to the contrary, Consultant and any of its officers, employees, agents, and subcontractors providing any of the services under this Agreement shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including, but not limited to, eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits.

C. Consultant shall indemnify and hold harmless City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's personnel practices. or to the extent arising from, caused by, or relating to the violation of any of the provisions of this Section 6. In addition to all other remedies available under law, City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Section 6. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

7. PERS Compliance and Indemnification.

A. General Requirements. The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the services under this Agreement, Consultant shall assure compliance with the Public Employees' Retirement Law, commencing at Government Code Section 20000, the regulations of PERS, and the Public Employees' Pension Reform Act of 2013, as amended. Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

B. Indemnification. Consultant shall defend (with legal counsel approved by City, whose approval shall not be unreasonably withheld), indemnify, and hold harmless City, and its City and its elected officials, officers, employees, servants, designated volunteers, and agents

serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's violation of any provisions of this Section 7. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

8. Confidentiality. All data, documents, discussion, or other information (collectively "data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential. Consultant shall keep all data confidential and shall not disclose any data to any person or entity without City's prior written consent. City shall grant such consent if disclosure is legally required. Consultant shall return all data to City upon the expiration or termination of this Agreement. Consultant's covenant under this Section 8 shall survive the expiration or termination of this Agreement.

9. Conflicts of Interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section 9 into any subcontract that Consultant executes in connection with the performance of this Agreement.

10. Indemnification.

A. Indemnity for Design Professional Services. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, protect, indemnify and hold harmless City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and reimbursement of attorney's fees and costs of defense (collectively "Liabilities"), whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to, in whole or in part, the negligence, recklessness or willful misconduct of Consultant, its officers, agents, servants, employees, subcontractors, material men, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of design professional services under this Agreement by a "design professional," as the term is defined under California Civil Code Section 2782.8(c)(2).

B. Other Indemnities.

1) Other than in the performance of design professional services, and to the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless

and indemnify the Indemnitees from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and the payment of all consequential damages (collectively "Claims"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Claims arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Claim with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by the Indemnitees in connection therewith.

2) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the workers' compensation law regarding Consultant and Consultant's employees. Consultant shall indemnify and hold City harmless from any failure of Consultant to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Subparagraph B. 2).

3) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnities, Consultant shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Claims in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Claims arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

C. Workers' Compensation Acts not Limiting. Consultant's obligations under this Section 10, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

D. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City,

of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provisions in this Section 10 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, Claim, tax, assessment, penalty or interest asserted against City.

E. Survival of Terms. The indemnification in this Section 10 shall survive the expiration or termination of this Agreement.

11. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Four Million Dollars (\$4,000,000) per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 11.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Consultant has no employees while performing services under this Agreement, workers' compensation policy is not required, but Consultant shall provide an executed declaration that it has no employees.

4) Professional Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 11 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 11.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 11 shall apply on a primary non-contributing basis in relation to any other insurance or self-

insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section 11 shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section 11 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to City. If any insurance policy required under this Section 11 is canceled or reduced in coverage or limits, Consultant shall, within two (2) business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section 11 in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section 11, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 11. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 10 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 11.

12. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for Consultant's proper performance of the services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against the City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

13. Records and Inspections. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of four (4) years. Consultant shall, without charge, provide City with access to the records during normal business hours. City may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

14. Termination or Suspension of Agreement.

A. Right to Terminate or Suspend. City may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least seven (7) calendar days before the termination or suspension is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least sixty (60) calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

15. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

16. Notices. Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Consultant's and City's

regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to City:
Attn: Daniella Andrade
City of Covina
125 E. College Street|
Covina, California 91723

If to Consultant:
Jaime Yamashita, RLA
Five Point Design
510 S Normandie Avenue, #108
Los Angeles, CA 90020

17. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

18. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 18 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 18, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

19. No Third Party Beneficiaries Intended. Except as otherwise provided in Section 10, this Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

20. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

21. Exhibits. Exhibits A, B, C and D constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

22. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

23. Amendment of Agreement. This Agreement may be amended only by a writing signed by both parties. The City Manager is authorized to sign an amendment to this Agreement on the City Council's behalf and without the City Council's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

24. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

25. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

26. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

27. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over the City of Covina.

28. Attorneys' Fees. In any litigation or other proceeding by which one party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys' fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

29. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

30. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

City:

City of Covina,
a California municipal corporation

By: _____
Name: Chris Marcarello
Title: City Manager

Consultant:

Five Point Design,
A Sole Proprietor

By: _____
Name: Jaime Yamashita, RLA
Title: Primary Landscape Architect

ATTEST:

By: _____
Name: Fabian Velez
Title: Chief Deputy City Clerk

(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)

APPROVED AS TO FORM:

By: _____
Name: Candice K. Lee
Title: City Attorney

EXHIBIT A
APPROVED SCOPE AND FEE SCHEDULE

Approach and Scope of Work

Five Point Design approaches each project thoughtfully through careful research of the functional requirements of the project, the Client's criteria, and the opportunities and constraints of the project site. This project will be conducted into two phases, conceptual design and construction documentation. Conceptual design will begin with site analysis and community outreach in coordination with CEJ Engineers and Active SGV.

Based on community feedback, a preliminary conceptual design will be developed. Utilizing an iterative design loop, the conceptual design will be shared with the public, City staff, and City Council for consideration and input. Conceptual phase will culminate in a final conceptual design.

Upon approval of conceptual design, the project will enter construction documentation phase. During this phase, the design will be developed into a full site plan with a landscape materials plan, planting plan, and details. This phase will also include specifications as related to landscape architectural scope and cost estimate. At the discretion of the client, the documents may include a phasing strategy. The P, S, and E phase will be in direct coordination with CEJ Engineers.

Scope of Services: Landscape Architectural Services that may be provided under this proposal are:

- I. **PHASE ONE — Conceptual Design**
 - A. Attend a kickoff meeting with the Client to confirm project goals and objectives.
 - B. Site Analysis
 1. CEJ Engineers will provide an electronic survey of the site
 2. Active SGV to provide community outreach (see below) and coordination amongst users/interest groups on wants and needs of the site.
 3. Deliverables: site plan showing opportunities and constraints (digital, colored plan view)
 - C. Preliminary Conceptual Design
 1. Features may include: new layouts for pony baseball, flag football, and field overlays. Vehicular access or drop-off locations, as well as pedestrian circulation, will also be studied during the schematic design. Urban greening opportunities, including trees and drought-tolerant plantings, will be emphasized.
 2. Deliverables: up to three (3) preliminary conceptual layouts of the site (digital, colored plan view)
 3. Incorporate synthesized feedback from Active SGV and client with up to two (2) rounds of revisions
 - D. Community Outreach – spearheaded by Active SGV
 1. Attendance at up to two (2) Community Engagement Popups
 2. Attendance at up to two (2) Community Presentations

3. Five Point Design to review and provide feedback on community outreach materials
4. Deliverables: supporting digital graphics based on conceptual design phase.
5. Active SGV to modify and develop graphics for their use during community outreach. All outreach materials including printed material to be provided by Active SGV.

E. Final Conceptual Design

1. Based on feedback from Active SGV and client, the preliminary conceptual design will be synthesized into one final conceptual design.
2. Features may include: new layouts for pony baseball, flag football, and field overlays. Vehicular access or drop-off locations, as well as pedestrian circulation, will also be studied during the schematic design. Urban greening opportunities, including trees and drought-tolerant plantings, will be emphasized.
3. Deliverables: one (1) final conceptual design of the site (colored plan view), visualization boards showing materials and themes, up to three (3) photorenderings of the site. All graphic materials will be provided in digital format.
4. Attendance at one (1) City Council meeting.

II. PHASE TWO —P, S, and E Package

A. Design Development

1. Incorporate Client feedback into design development.
2. Finalize layout of fields, walkways, and planting areas and coordinate with CEJ Engineers on vehicular access.
3. CEJ Engineers to provide DD level drawings of site grading, LID documentation, and irrigation drawings.
4. Deliverables: Five Point Design to provide DD level drawings of overall site plan, landscape materials, and planting plan. Five Point Design to coordinate full DD set. All materials in digital format.

B. 90% CD set

1. Incorporate Client feedback into 90% CDs.
2. CEJ Engineers to provide 90% CD level drawings of site grading, LID documentation, and irrigation drawings and details.
3. Deliverables: Five Point Design to provide 90% CD drawings of overall site plan, landscape materials, planting plan, and details. Five Point Design to coordinate 90% CD set. All materials in digital format.

C. P, S, and E set

1. Incorporate Client feedback into P, S, and E set.
2. CEJ Engineers to provide 100% CD level drawings of site grading, LID documentation, and irrigation drawings, calculations and details.
3. CEJ Engineers to provide specifications and cost estimate related to all civil work and to irrigation plans.

4. Deliverables: Five Point Design to provide 100% CD drawings of overall site plan, landscape materials, planting plan, and details. Five Point Design to coordinate P, S, and E set. All materials in digital format.

D. DSA Review

1. Five Point Design to address DSA review comments related to landscape scope and coordinate DSA responses for CEJ Engineers.

E. Arborist Review

1. Five Point Design to review arborist work and deliverables.

Cost Proposal

Compensation: The Scope of Services as listed under the "Approach and Scope of Work" in this proposal shall be \$ 105,000.00.

Fee Schedule:

Phase One – Conceptual Plan \$ 70,000.00
Phase Two – PSE Package \$ 35,000.00

Professional Services Total (not to exceed) \$ 105,000.00

Monthly payments to Five Point Design shall be based on (1) the percentage of the Scope of Services completed under the Fee Schedule, and shall include payments for (2) Supplemental Services performed, and (3) Direct Costs / Reimbursable Expenses as listed below.

Hourly Rates:

Principal, Jaime Yamashita \$ 170/ hr.

The principal will be billed at \$170 per hour. These rates are subject to increase as of December 31, 2024.

Direct Costs /Reimbursable Expenses:

No direct costs or reimbursable expenses are anticipated under the scope of services. If client requests any supplemental services or items listed below, direct costs/ reimbursable expenses shall be discussed with client prior to any charges. Expenses are billed at cost plus a 15% processing fee and include:

1. Topographic maps, land surveys, boundary maps, property records, soil reports, etc.
2. Copies of drawings including original plots, specifications, reports, and estimates; photographic services, photocopying and photographic reproduction of drawings and other documents furnished or prepared in connection with the work in the Agreement.
3. Postage, shipping and messenger expenses.

Supplemental Services:

Supplemental Services are beyond the scope of the basic Scope of Services / Professional Services fee, and when requested and approved in writing by the Client. Supplemental services performed by the consultants shall be compensated at the billable rate of \$170 per hour and include, but are not limited to:

1. Additional site visits.
2. Additional focus group meetings, community outreach meetings, city council meetings, etc other than listed in the proposal
3. Additional presentation graphics, drawings/renderings, 3D modeling, etc.
4. Additional revisions beyond those described above.
5. Additional photorenderings are charged at the flat rate of \$900 / image.

6. Coordinating other consultants (surveyor, civil engineer, architect, structural engineer, etc.). Other consultant fees are not included within the scope of services or compensation.

Exclusions:

The following exclusions are not included in the Basic Scope of Services fee. Landscape architect will provide a fee when requested and approved in writing by the Client. Exclusions include:

1. Substantive changes to the design made after each design approval milestone. Substantive changes constitute new and/or not previously known/discussed restrictions, ordinances, and site conditions that develop or change during the design process.
2. Any landscape design outside of the scope of the project.
3. Any irrigation design (under scope of CEJ Engineers)
4. Graphic design and signage design.
5. Architectural, electrical, civil, structural or other sub-consultant services.
6. As-built drawings.
7. Soil reports and testing.
8. Inspection services outside the scope of Landscape Architectural services as listed.

The Client's decisions, approvals, reviews, and responses shall be communicated to the Landscape Architect in a timely manner so as not to delay the performance of the Landscape Architectural Services.

The Client shall pay all fees required to secure jurisdictional approvals for the Project.

If through no fault of the Landscape Architect the Scope of Services to be provided under this proposal has not been completed within six months of the initial notice to proceed, the compensation for services rendered after that time period shall be equitably adjusted.

Client and Landscape Architect each agree to indemnify and hold harmless the other, and their respective officers, employees, agents, and representatives, from and against liability for all claims, losses, damages, and expenses, including reasonable attorneys' fees, to the extent such claims, losses, damages, or expenses are caused by the indemnifying party's negligent acts, errors, or omissions. In the event claims, losses, damages, or expenses are caused by the joint or concurrent negligence of Client and Landscape Architect, they shall be borne by each party in proportion to its negligence.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is dated February 6, 2024 (“Effective Date”) and is between the City of Covina, a California municipal corporation (“City”) and CEJ Engineers, Inc., a California Corporation (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. City desires to utilize the services of Consultant as an independent contractor to provide professional engineering services for the Royal Oak Middle School Greening and Forestry Plan project.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

1. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2024, unless sooner terminated as provided in Section 14 of this Agreement. The City may, upon mutual agreement, extend the contract for two (2) additional one-year terms. In no event shall the contract be extended beyond December 31, 2026

2. Compensation.

A. Compensation. As full compensation for Consultant’s services provided under this Agreement, City shall pay Consultant the total flat sum of Ninety Thousand Dollars (\$90,000) (the “maximum compensation”), as set forth in the Approved Fee Schedule, attached hereto as **Exhibit A**. Any terms in Exhibit A, other than the payment rates and schedule of payment, are null and void.

B. Expenses. The amount set forth in paragraph A shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

A. Additional Services. City shall not allow any claims for additional services performed by Consultant, unless the City Council and the Consultant Representative authorize the additional services in writing prior to Consultant’s performance of the additional services or incurrence of additional expenses. Any additional services or expenses authorized by the City Council shall be compensated at the rates set forth in **Exhibit A**, or, if not specified, at a rate mutually agreed to by the parties. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

3. Consultant’s Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services, attached as **Exhibit A**. City may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Consultant Representative shall be Joaquin Cervantes, President (the "Consultant Representative"). The Consultant Representative shall directly manage Consultant's services under this Agreement. Consultant shall not change the Consultant Representative without City's prior written consent.

C. Time for Performance. Consultant shall commence the services on the Effective Date and shall perform all services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

C. Standard of Performance. Consultant shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

D. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant shall determine the means, methods, and details by which Consultant's personnel will perform the services under this Agreement. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the services and compliance with the customary professional standards.

F. Compliance with Laws. The Consultant shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City and its agents shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section. This Agreement may call for services that, in whole or in part, constitute "public works," as defined in the California Labor Code. Therefore, as to those services that may be "public works", Consultant shall comply in all respects with all applicable provisions of the California Labor Code, including those set forth in **Exhibit B**.

E. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis or less frequently, for actual services performed pursuant to this Agreement. Each invoice shall itemize

the services rendered during the billing period, hourly rates charged, if applicable, and the amount due. If City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

B. Payment. City shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth in Section 2 of this Agreement. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Finance Director.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this agreement available during Consultant's regular working hours to City for review and audit by City.

5. Ownership of Documents. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed ("written products") pursuant to this Agreement shall become the sole property of the City without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

6. Independent Contractor.

A. Consultant is, and shall at all times remain as to City, a wholly independent contractor and not an employee of City. The personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees. Consultant shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City. Consultant and Consultant's personnel shall not supervise any of City's employees; and City's employees shall not supervise Consultant's personnel. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City; and Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of any of the services under this Agreement. Consultant shall acquire and maintain, at its sole cost and expense, such vehicles, equipment, and supplies as Consultant's personnel require to perform any of the services required by this Agreement. Consultant shall perform the services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver

any work product related to Consultant's performance of the services under this Agreement, or as may be necessary to inspect or visit City locations and/or private property to perform the services. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the services under this Agreement.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with their performance of the services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Notwithstanding any other agency, state, or federal policy, rule, regulation, statute or ordinance to the contrary, Consultant and any of its officers, employees, agents, and subcontractors providing any of the services under this Agreement shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including, but not limited to, eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits.

C. Consultant shall indemnify and hold harmless City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's personnel practices. or to the extent arising from, caused by, or relating to the violation of any of the provisions of this Section 6. In addition to all other remedies available under law, City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Section 6. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

7. PERS Compliance and Indemnification.

A. General Requirements. The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the services under this Agreement, Consultant shall assure compliance with the Public Employees' Retirement Law, commencing at Government Code Section 20000, the regulations of PERS, and the Public Employees' Pension Reform Act of 2013, as amended. Without limitation to the foregoing, Consultant shall assure compliance with regard

to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

B. Indemnification. Consultant shall defend (with legal counsel approved by City, whose approval shall not be unreasonably withheld), indemnify, and hold harmless City, and its City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's violation of any provisions of this Section 7. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

8. Confidentiality. All data, documents, discussion, or other information (collectively "data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential. Consultant shall keep all data confidential and shall not disclose any data to any person or entity without City's prior written consent. City shall grant such consent if disclosure is legally required. Consultant shall return all data to City upon the expiration or termination of this Agreement. Consultant's covenant under this Section 8 shall survive the expiration or termination of this Agreement.

9. Conflicts of Interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section 9 into any subcontract that Consultant executes in connection with the performance of this Agreement.

10. Indemnification.

A. Indemnity for Design Professional Services. To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, protect, indemnify and hold harmless City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and reimbursement of attorney's fees and costs of defense (collectively "Liabilities"), whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to, in whole or in part, the negligence, recklessness or willful misconduct of Consultant, its officers, agents, servants, employees, subcontractors, material men, contractors or their officers,

agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of design professional services under this Agreement by a “design professional,” as the term is defined under California Civil Code Section 2782.8(c)(2).

B. Other Indemnities.

1) Other than in the performance of design professional services, and to the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify the Indemnitees from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and the payment of all consequential damages (collectively “Claims”), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees’ active or passive negligence, except for Claims arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Claim with counsel of the Indemnitees’ choice, and shall pay all costs and expenses, including all attorneys’ fees and experts’ costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by the Indemnitees in connection therewith.

2) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the workers’ compensation law regarding Consultant and Consultant’s employees. Consultant shall indemnify and hold City harmless from any failure of Consultant to comply with applicable workers’ compensation laws. City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant’s failure to promptly pay to City any reimbursement or indemnification arising under this Subparagraph B. 2).

3) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnities, Consultant shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Claims in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant’s subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant’s subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees’ active or passive

negligence, except for Claims arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

C. Workers' Compensation Acts not Limiting. Consultant's obligations under this Section 10, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

D. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provisions in this Section 10 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, Claim, tax, assessment, penalty or interest asserted against City.

E. Survival of Terms. The indemnification in this Section 10 shall survive the expiration or termination of this Agreement.

11. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Four Million Dollars (\$4,000,000) per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 11.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Consultant has no employees while performing services under this Agreement, workers' compensation policy is not required, but Consultant shall provide an executed declaration that it has no employees.

4) Professional Liability Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 11 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 11.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 11 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section 11 shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section 11 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to City. If any insurance policy required under this Section 11 is canceled or reduced in coverage or limits, Consultant shall, within two (2) business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section 11 in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section 11, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all

original endorsements evidencing and effecting the coverages required under this Section 11. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 10 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 11.

12. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for Consultant's proper performance of the services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against the City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

13. Records and Inspections. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of four (4) years. Consultant shall, without charge, provide City with access to the records during normal business hours. City may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

14. Termination or Suspension of Agreement.

A. Right to Terminate or Suspend. City may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least seven (7) calendar days before the termination or suspension is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least sixty (60) calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

15. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

16. Notices. Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Consultant's and City's regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to City:
Attn: Daniella Andrade
City of Covina
125 E. College Street|
Covina, California 91723

If to Consultant:
Attn: Joaquin Cervantes
CEJ Engineers, Inc.
1880 Amar Road, Suite B 13
Walnut, CA 91789

17. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

18. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 18 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 18, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

19. No Third Party Beneficiaries Intended. Except as otherwise provided in Section 10, this Agreement is made solely for the benefit of the parties to this Agreement and their respective

successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

20. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

21. Exhibits. Exhibits A, B, C and D constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

22. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

23. Amendment of Agreement. This Agreement may be amended only by a writing signed by both parties. The City Manager is authorized to sign an amendment to this Agreement on the City Council's behalf and without the City Council's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

24. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

25. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

26. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

27. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over the City of Covina.

28. Attorneys' Fees. In any litigation or other proceeding by which on party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys' fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

29. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

30. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

City:

City of Covina,
a California municipal corporation

By: _____

Name: Chris Marcarello

Title: City Manager

Consultant:

CEJ Engineers, Inc.,
a California Corporation

By: _____

Name: Joaquin Cervantes

Title: President

ATTEST:

By: _____

Name: Fabian Velez

Title: Chief Deputy City Clerk

(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents authorize only one person to sign this Agreement on behalf of the corporation.)

APPROVED AS TO FORM:

By: _____

Name: Candice K. Lee

Title: City Attorney

EXHIBIT A
APPROVED SCOPE OF SERVICES AND FEE SCHEDULE

Design Fee

CLIENT: City Of Covina PROJ: CHARTER OAKS PROJECT DATE: 01/30/2024			CEJ Engineers							TOTAL LABOR HOURS	TOTAL LABOR COST		
Task No.	Function Description	Hourly Rate	Principal	Project Manager	Senior Project Engineer	Senior Engineer	Survey (2-man)	Survey Analyst	CADD/Designer			Administrative Support	
			\$220	\$210	\$200	\$190	\$250	\$165	\$120	\$95			
		Total Hours		28		180	12	8	240	48			
1	Task 1	PROJECT ADMINISTRATION AND COORDINATION											
	Project management		8	24								32	\$6,800
	Clerical									18		18	\$1,710
										Subtotal			\$8,510
2	Task 2	TOPOGRAPHIC SURVEY											
	Topographic Aerial, Field Survey & Mapping						12	8	32			52	\$8,160
										Subtotal			\$8,160
3	Task 3	CONSTRUCTION PLANS											
	90% PS&E												
	1. Utility Reseach/Plotting				8				24			32	\$4,480
	2. Grading and Drainage Plans				26				40			66	\$10,000
	3. Parking Layout Improvements				16				24			40	\$6,080
	4. Basketball Layout Improvements				32				40			72	\$11,200
	5. Horizontal Control Plan				8				16			24	\$3,520
	6. LID and WQMP Plans				8				16			24	\$3,520
	7. Engineers Estimate				16					8		24	\$3,960
	100% Final PS&E												
	1. Grading and Drainage Plans				8				12			20	\$3,040
	2. Parking Layout Improvements				8				12			20	\$3,040
	3. Basketball Layout Improvements				8				8			16	\$2,560
	4. Horizontal Control Plan				10				8			18	\$2,960
	5. LID and WQMP Plans				8				8			16	\$2,560
	6. Engineers Estimate		4		8							12	\$2,440
	7. Specifications/Bid Schedule/Construct Doc				16					24			\$5,480
										Subtotal			\$64,840
													\$81,510
4	Task 4	SUBCONSULTANTS											
	Lighting Plans (solar)												\$8,400
										Subtotal			\$8,400
	Total Hours		8	28		180	12	8	240	48			\$89,910
	Hourly Rate		\$220	\$210	\$200	\$190	\$250	\$165	\$120	\$95	SAY		\$90,000

CEJ ENGINEERS, INC.

Effective July 1, 2024 to June 30, 2025

Hourly Rate Schedule

ENGINEERING DIVISION

Principal Engineer	220.00
Project Manager	210.00
Senior Project Engineer	200.00
Senior Engineer	190.00
Associate Engineer	170.00
Design Engineer	160.00
Designer/CADD Drafter	120.00
Clerical/Technical Aide	95.00

LANDSCAPE ARCHITECTURE

Senior Landscape Architect	180.00
Associate Landscape Architect	140.00

SURVEYING DIVISION

Senior Surveyor	220.00
Senior Survey Analyst	180.00
Survey Analyst II	165.00
Survey Analyst I	145.00
Survey Party Chief	180.00
Field Party (Three)	290.00
Field Party (Two)	250.00
Field Party (One).....	160.00

CONSTRUCTION MANAGEMENT/ INSPECTION

Construction Manager	180.00
Supervising Public Works Observer	150.00
Senior Public Works Observer	135.00
Public Works Observer	120.00
Construction Engineer	115.00

REIMBURSABLE EXPENSES

Reproduction.....	Cost plus 10%
Subconsultant Services.....	Cost plus 10%
Automobile Transportation.....	Current rate
Delivery, Freight, Courier.....	Cost
Agency Fees	Cost
Commercial Travel / Subsistence.....	Cost

Additional billing classifications may be added to the above listing during the year as new positions are created. The above schedule is for straight time. Blueprinting, reproduction, messenger services, and printing will be invoiced at cost plus ten percent (10%). A subconsultant management fee of ten percent (10%) will be added to the direct cost of all subconsultant services to provide for the cost of administration, consultation, and coordination., the rates may be raised once per year to the value of change of the Consumer Price Index for the Los Angeles/Orange County area, but not more than five percent per year.

EXHIBIT B
CALIFORNIA LABOR CODE COMPLIANCE
(Labor Code §§ 1720 et seq., 1813, 1860, 1861, 3700)

If this Agreement calls for services that, in whole or in part, constitute “public works” as defined in the California Labor Code, then:

1. This Agreement is subject to the provisions of Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code relating to public works and the awarding public agency (“City”) and Consultant agrees to be bound by all the provisions thereof as though set forth in full herein.
2. Consultant shall be registered with the Department of Industrial Relations (“DIR”) in accordance with California Labor Code Section 1725.5 and has provided proof of registration to City prior to the Effective Date of this Agreement.
3. Consultant shall comply with the provisions of California Labor Code Sections 1771, 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The applicable prevailing wage determination(s) may be obtained at (<http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>), are on file with City, and are available to any interested party upon request. Consultant shall, as a penalty to City, forfeit not more than two-hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of Industrial Relations for the work or craft in which the worker is employed for any public work done under this Agreement by Consultant or by any subcontractor.
4. Pursuant to California Labor Code Section 1771.4, Consultant’s services are subject to compliance monitoring and enforcement by the Department of Industrial Relations. Consultant shall post job site notices as prescribed by DIR regulations and agrees to furnish the records specified in California Labor Code Section 1776 directly to the Labor Commissioner in the manner prescribed by California Labor Code Section 1771.4(a)(3) and (c)(2).
5. Consultant shall comply with the provisions of California Labor Code Section 1776 which, among other things, require Consultant and each subcontractor to: (1) keep accurate payroll records, (2) certify and make such payroll records available for inspection as provided by Section 1776, and (3) inform City of the location of the records. Consultant is responsible for compliance with Section 1776 by itself and all of its subcontractors.
6. Consultant shall comply with the provisions of California Labor Code Section 1777.5 concerning the employment of apprentices on public works projects, and further agrees that Consultant is responsible for compliance with Section 1777.5 by itself and all of its subcontractors.
7. Consultant shall comply with the provisions of California Labor Code Section 1813 concerning penalties for workers who work excess hours. Consultant shall, as a penalty to

City, forfeit twenty-five dollars (\$25) for each worker employed in the execution of this Agreement by Consultant or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the California Labor Code.

8. California Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Consultant hereby certifies as follows:

“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Agreement.”

Date _____ Signature _____



CC Regular Meeting

AGENDA ITEM REPORT

Meeting:	February 6, 2024
Title:	Resolution Accepting \$100,000 in State Funding to Purchase Portable Radios
Presented by:	David Povero, Chief of Police
Recommendation:	<ol style="list-style-type: none">1. Adopt Resolution CC 2024-05 accepting \$100,000 in State Assembly Funding and increase the Police Department's 2023-24 budget appropriation by same amount; and2. Approve the purchase of Motorola radio equipment in the amount of \$105,707.

EXECUTIVE SUMMARY:

For the past ten years, the Covina Police Department has been aggressively searching for funding sources to gradually modernize our portable/hand-held radios to be compatible with the County and other agencies in the East San Gabriel Valley. The department is in constant need of replacing aging radios/equipment. This \$100,000 funding is a significant contribution for the purchase of eleven radios. This funding was secured for Covina by State Assembly Member Blanca Rubio.

This specialized equipment will enhance event and incident management and strengthen the ability to respond to 911 emergencies. Equipment approved for purchase under this appropriation includes all-spectrum portable radios, programming cables and multi-radio bank charger(s).

DISCUSSION:

The police department will be purchasing all-spectrum portable radios, programming cables and one multi-radio bank charger(s). The number of radios and equipment purchased will depend on the discount rate offered by Motorola Solutions, Inc. At the current pricing we estimate being able to purchase ten to eleven portable radios and associated equipment. The Motorola equipment will be purchased from Motorola Solutions, Inc.

It is requested that the City Council consider waiving competitive bid requirements per Municipal Code 2.20.080 Sections B. This section states that non-competitive proposals may be made only when at least one of the following circumstances applies: 1) The supply, service or equipment is available from only one source; 2) The public exigency or emergency for the supply, service or equipment will not permit a delay resulting from competitive solicitation; and 3) After solicitation of a number of sources, competition is determined inadequate. Section B1 applies in this situation. There is only one Motorola authorized distributor in all of Los Angeles County and the current radio network system used by Covina and surrounding agencies only use Motorola for the sake of interoperability.

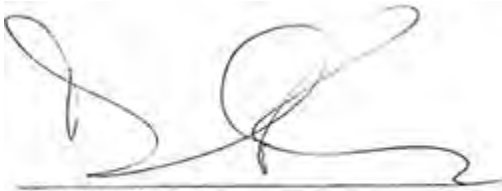
FISCAL IMPACT:

The \$100,000 in State appropriation will used to fund this purchase. An additional \$6,000 may be needed to cover overage however this is amount can be purchased from existing budget appropriations.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Povero', written over a horizontal line.

David Povero
Chief of Police

RESOLUTION CC 2024-05

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, TO ACCEPT STATE FUNDING IN THE AMOUNT OF \$100,000 FOR THE COVINA POLICE DEPARTMENT AND INCREASE THE POLICE DEPARTMENT 2023-24 BUDGET BY \$100,000 AND APPROPRIATE SAME DOLLAR AMOUNT

WHEREAS, the City of Covina is a municipal corporation duly organized and existing pursuant to the Constitution and laws of the State of California (“City”); and

WHEREAS, the City of Covina has been appropriated \$100,000 from State Assembly Member Blanca Rubio for the purchase of portable radios; and

WHEREAS, utilizing these funds will increase the Police Department’s appropriation by \$100,000 and revenue accounts by the same amount; and

WHEREAS, the reallocation of appropriations may be made by the City Manager, amendments (increases/decreases) to the Budget shall be by approval and Resolution of the City Council.

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

SECTION 1. Amend the fiscal year 2023-24 Police Department Budget as follows:

Revenue Account

Increase 2230-1130-42190 Other State Grants by **\$100,000**

Appropriation Account

Increase 2230-1130-54430 Other State Grants-Patrol Equipment by **\$100,000**

SECTION 2. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

APPROVED and PASSED this 6th day of February 2024.

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution CC 2024-05 was duly adopted by the City Council of the City of Covina at a regular meeting held on the 6th day of February, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk

Billing Address:
 COVINA POLICE DEPT, CITY
 OF
 444 N CITRUS AVE
 COVINA, CA 91723
 US

Quote Date:11/21/2023
 Expiration Date:02/19/2024
 Quote Created By:
 Denis Redzepagic
 denis.redzepagic@
 motorolasolutions.com

End Customer:
 COVINA POLICE DEPT, CITY OF
 Ric Walczak
 rwalczak@covinaca.gov

Contract: 36925 - GLENDALE MPA -
 8001608
 Freight Terms:FREIGHT PREPAID
 Payment Terms:30 NET

Line #	Item Number	Description	Qty	List Price	Sale Price	Ext. Sale Price
	APX™ 8000 Series	APX8000				
1	H91TGD9PW7AN	APX 8000 ALL BAND PORTABLE MODEL 3.5	1	\$7,774.00	\$5,675.02	\$5,675.02
1a	Q806CB	ADD: ASTRO DIGITAL CAI OPERATION	1	\$567.00	\$413.91	\$413.91
1b	Q361AN	ADD: P25 9600 BAUD TRUNKING	1	\$330.00	\$240.90	\$240.90
1c	QA00580AA	ADD: TDMA OPERATION	1	\$495.00	\$361.35	\$361.35
1d	Q58AL	ADD: 3Y ESSENTIAL SERVICE	1	\$184.00	\$184.00	\$184.00
1e	Q15AJ	ADD: AES/DES-XL/DES-OFB ENCRYPTION AND ADP	1	\$879.00	\$641.67	\$641.67
1f	QA05507AA	DEL: DELETE 7/800 MHZ BAND	1	-\$800.00	-\$584.00	-\$584.00
1g	QA05508AA	DEL: DELETE VHF BAND	1	-\$800.00	-\$584.00	-\$584.00
1h	QA09007AA	ADD: OUT OF THE BOX WIFI PROVISIONING	1	\$0.00	\$0.00	\$0.00
1i	QA09001AB	ADD: WIFI CAPABILITY	1	\$330.00	\$240.90	\$240.90



Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.
 Motorola Solutions, Inc.: 500 West Monroe, United States - 60661 - #: 36-1115800

Line #	Item Number	Description	Qty	List Price	Sale Price	Ext. Sale Price
1j	Q498AU	ENH: ASTRO 25 OTAR W/ MULTIKEY	1	\$814.00	\$594.22	\$594.22
1k	H38BS	ADD: SMARTZONE OPERATION	1	\$1,650.00	\$1,204.50	\$1,204.50
1l	QA09113AB	ADD: BASELINE RELEASE SW	1	\$0.00	\$0.00	\$0.00
1m	G996AP	ADD: PROGRAMMING OVER P25 (OTAP)	1	\$110.00	\$80.30	\$80.30
2	PMNN4486A	BATT IMPRES 2 LIION R IP67 3400T	1	\$188.27	\$150.60	\$150.60
3	PMMN4099CL	AUDIO ACCESSORY- REMOTE SPEAKER MICROPHONE,IP68 REMOTE SPEAKER MICROPHONE,3.5MM,UL	1	\$142.56	\$114.03	\$114.03
Subtotal						\$8,733.40
Estimated Tax						\$876.31
Grand Total				\$9,609.71(USD)		

Notes:



Any sales transaction following Motorola's quote is based on and subject to the terms and conditions of the valid and executed written contract between Customer and Motorola (the "Underlying Agreement") that authorizes Customer to purchase equipment and/or services or license software (collectively "Products"). If no Underlying Agreement exists between Motorola and Customer, then Motorola's Standard Terms of Use and Motorola's Standard Terms and Conditions of Sales and Supply shall govern the purchase of the Products.
 Motorola Solutions, Inc.: 500 West Monroe, United States - 60661 - #: 36-1115800



CC Regular Meeting

AGENDA ITEM REPORT

Meeting: February 6, 2024
Title: One Year Extension of the Agreement with Professional Account Management LLC
Presented by: David Povero, Chief of Police
Recommendation: Approve the Third Amendment to the agreement with Professional Account Management LLC for a one (1) year extension to provide parking citation processing and collections services; and authorize the City Manager to execute the amendment.

EXECUTIVE SUMMARY:

Prior to 2017, the City of Covina contracted with the City of Inglewood to provide parking citation processing and collection services under the name "Inglewood Citation Management Services" (ICMS). The City of Covina has contracted with the City of Inglewood since April 2001 for data processing, preparation and mailing of notices, payment processing and other administrative parking citation support services. In April 2007, the City of Inglewood contracted with Professional Account Management LLC (PAM) a Duncan Solutions Company, to provide a new citation processing system, technical support services and expanded collection services to support the City's internal and external client agencies. In 2017, the City of Inglewood notified their government clients, such as Covina, that they were discontinuing this outsource service program and authorized PAM to present each client with a proposal and agreement to continue these services.

DISCUSSION:

Since March 1, 2017, PAM has been directly providing citation processing and collection services to the City of Covina under a new 5-year agreement with the option to extend the agreement for five (5) additional one-year terms. Under this agreement the Police Department has been utilizing the following services:

- Hosted AutoProcess Parking Citation System
- Preparing and mailing courtesy/delinquent notices
- Telephone customer service system with payment by credit/debit cards
- On-line payment system
- Lock-box payment processing
- Obtaining State/DMV registered owner information
- Providing hosted document management system for administrative reviews
- Providing comprehensive delinquent citation collection services with DMV registration holds and Franchise Tax Board intercept liens

Continuing citation processing and collection services with PAM will ensure the City does not experience any disruption of service or delays in receiving parking citation revenues.

FISCAL IMPACT:

For calendar year 2023, the City issued 11,987 parking citations resulting in approximately \$500,000 in revenue. The annual cost of service provided by PAM is approximately \$140,000.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

None.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Povero', written over a horizontal line.

David Povero
Chief of Police

**THIRD AMENDMENT TO THE AGREEMENT BETWEEN THE CITY OF COVINA
AND PROFESSIONAL ACCOUNT MANAGEMENT, LLC (PAM)**

THIS THIRD AMENDMENT to the Agreement to provide parking citation processing and collection services (Agreement) is made and entered into as of **February 28, 2024** by and between the City of Covina, a California municipal corporation (hereinafter referred to as “City”), and Professional Account Management, a Wisconsin limited liability corporation (“PAM”). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. This Third Amendment is made with respect to the following facts and purposes.
 - A. The parties entered into that certain Professional Services Agreement for processing and collection of the City’s parking citation accounts with a term of March 1, 2017 through February 28, 2022 with the option to extend the agreement for five (5) additional one-year terms upon mutual agreement.
 - B. On February 28, 2022 the parties agreed to extend the term of the agreement for one year ending on February 28, 2023.
 - C. On February 28, 2023 the parties agreed to extend the term of the agreement for one year ending on February 28, 2024.
 - D. The parties now desire to extend the term of the agreement to February 28, 2025 and to amend the Agreement as set forth in this Amendment.
2. Section 1 of the Agreement entitled “Term of Agreement” is hereby amended to read as follows:

“The term of this Agreement shall be from the Effective Date through February 28, 2025, unless sooner terminated as provided in Section 20 of this Agreement. The City may, upon mutual agreement, extend the contract for two (2) additional one-year terms. In no event shall the contract be extended beyond February 28, 2027.”

3. Except for the changes specifically set forth herein, all other terms and conditions of this Agreement shall remain in full force and effect.

The parties, through their duly authorized representatives, are signing this **Third Amendment** on the date stated in the introductory clause.

ATTACHMENT A

Attached hereto and incorporated herein is the additional scope of work and associated cost as provided by the Consultant.



CC Regular Meeting **AGENDA ITEM REPORT**

Meeting: February 6, 2024
Title: Agreement between the City of Covina and Converse Consultants for Environmental Testing at 176 E. Badillo Street
Presented by: Brian K. Lee, Director of Community Development
Recommendation: Authorize the City Manager to enter into a Professional Services Agreement with Converse Consultants and execute all related documents.

EXECUTIVE SUMMARY:

Frontier Communications owns property located at the southwest corner of Badillo Street and Second Avenue (175 E. Center Street and 176 E. Badillo Street). The property is developed with a communication “switch” station, administrative offices, storage, retail store space, and a parking lot. Frontier Communications has expressed a desire to sell a portion of the aforementioned property while maintaining the “switch” station portion of the structure and a small portion of the parking lot (the portion containing the emergency generator and electrical transformer).

The City of Covina has been evaluating if the portions of the Frontier Communications property that Frontier desire to sell could be utilized by the City for city purposes. As part of that due-diligence consideration, City staff needs to conduct studies and investigate the property, as well as evaluate the current building plans.

Part of the due diligence required is analysis of potential environmental hazards. Converse Consultants has prepared a proposal for an Asbestos, Lead-Based Paint, and other hazardous materials survey. The proposal also includes services for a Phase II Environmental Site Assessment. Staff recommends that the Professional Services Agreement with Converse Consultants be approved in order to begin the environmental testing process.

FISCAL IMPACT:

The cost for services under the Agreement is \$25,900, which will be paid out of General Fund account 1010-4000-51005.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

Not applicable.

Respectfully submitted,



Brian K. Lee
Director of Community Development

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is dated February 6, 2024 (“Effective Date”) and is between the City of Covina, a California municipal corporation (“City”) and Converse Consultants, a California corporation (“Consultant”). City and Consultant are sometimes individually referred to as “Party” and collectively as “Parties” in this Agreement.

RECITALS

A. City desires to utilize the services of Consultant as an independent contractor to perform an Asbestos and Lead Based Paint survey as well as a Phase II Environmental Site Assessment at 175 E. Center Street and 176 E. Badillo Street.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The parties therefore agree as follows:

1. Term of Agreement. The term of this Agreement shall be from the Effective Date through June 30, 2024 unless sooner terminated as provided in Section 14 of this Agreement. The City may, upon mutual agreement, extend the contract for one (1) additional one-year term. In no event shall the contract be extended beyond June 30, 2025.

2. Compensation.:

A. Compensation. As full compensation for Consultant’s services provided under this Agreement, City shall pay Consultant the total flat sum of Twenty-Five Thousand Nine Hundred Dollars (\$25,900) (the “maximum compensation”), as set forth in the Approved Fee Schedule, attached hereto as **Exhibit A**. Any terms in Exhibit A, other than the payment rates and schedule of payment, are null and void.

B. Expenses. The amount set forth in paragraph A shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

A. Additional Services. City shall not allow any claims for additional services performed by Consultant, unless the City Council and the Consultant Representative authorize the additional services in writing prior to Consultant’s performance of the additional services or inurrence of additional expenses. Any additional services or expenses authorized by the City Council shall be compensated at the rates set forth in **Exhibit A**, or, if not specified, at a rate mutually agreed to by the parties. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

3. Consultant's Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services, attached as **Exhibit B**. City may request, in writing, changes in the scope of services to be performed. Any changes mutually agreed upon by the parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Consultant Representative shall be Laura Tanaka, CDPH Lead Inspector/Assessor, Principal Environmental Scientist (the "Consultant Representative"). The Consultant Representative shall directly manage Consultant's services under this Agreement. Consultant shall not change the Consultant Representative without City's prior written consent.

C. Time for Performance. Consultant shall commence the services on the Effective Date and shall perform all services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

C. Standard of Performance. Consultant shall perform all services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

D. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the services required under this Agreement. All of the services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Consultant shall determine the means, methods, and details by which Consultant's personnel will perform the services under this Agreement. Consultant shall be solely responsible for the satisfactory work performance of all personnel engaged in performing the services and compliance with the customary professional standards.

E. Compliance with Laws. The Consultant shall keep itself informed of all local, state and federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance of its service pursuant to this Agreement. The Consultant shall at all times observe and comply with all such ordinances, laws and regulations. The City and its agents shall not be liable at law or in equity occasioned by failure of the Consultant to comply with this section.

F. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of services under this Agreement, including a business license.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis or less frequently, for actual services performed pursuant to this Agreement. Each invoice shall itemize the services rendered during the billing period, hourly rates charged, if applicable, and the amount due. If City disputes any of Consultant's fees, it shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth on the invoice.

B. Payment. City shall pay all undisputed invoice amounts within thirty (30) calendar days after receipt up to the maximum compensation set forth in Section 2 of this Agreement. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. For all reimbursements authorized by this Agreement, Consultant shall provide receipts on all reimbursable expenses in excess of Fifty Dollars (\$50) in such form as approved by the Finance Director.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this agreement available during Consultant's regular working hours to City for review and audit by City.

5. Ownership of Documents. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the work, surveys, notes, and other documents prepared in the course of providing the services to be performed ("written products") pursuant to this Agreement shall become the sole property of the City without restriction or limitation upon its use and may be used, reused, disseminated or otherwise disposed of by the City without the permission of the Consultant. With respect to computer files containing data generated for the work, Consultant shall make available to the City, upon reasonable written request by the City, the necessary computer software and hardware for purposes of accessing, compiling, transferring and printing computer files. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

6. Independent Contractor.

A. Consultant is, and shall at all times remain as to City, a wholly independent contractor and not an employee of City. The personnel performing the services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees. Consultant shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City. Consultant and Consultant's personnel shall not supervise any of City's employees; and City's employees shall not supervise Consultant's personnel. Consultant's personnel shall not wear or display any City uniform, badge, identification number, or other information identifying such individual as an employee of City; and Consultant's personnel shall not use any City e-mail address or City telephone number in the performance of any of the services under this Agreement. Consultant shall acquire and maintain, at its sole cost and expense, such

vehicles, equipment, and supplies as Consultant's personnel require to perform any of the services required by this Agreement. Consultant shall perform the services off of City premises at locations of Consultant's choice, except as otherwise may from time to time be necessary in order for Consultant's personnel to receive projects from City, review plans on file at City, pick up or deliver any work product related to Consultant's performance of the services under this Agreement, or as may be necessary to inspect or visit City locations and/or private property to perform the services. City may make a computer available to Consultant from time to time for Consultant's personnel to obtain information about or to check on the status of projects pertaining to the services under this Agreement.

B. No employee benefits shall be available to Consultant in connection with the performance of this Agreement. Except for the fees paid to Consultant as provided in the Agreement, City shall not pay salaries, wages, or other compensation to Consultant for performing services hereunder for City. City shall not be liable for compensation or indemnification to Consultant for injury or sickness arising out of performing services hereunder. Consultant shall be responsible for and pay all wages, salaries, benefits and other amounts due to Consultant's personnel in connection with their performance of the services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: Social Security taxes, other retirement or pension benefits, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance. Notwithstanding any other agency, state, or federal policy, rule, regulation, statute or ordinance to the contrary, Consultant and any of its officers, employees, agents, and subcontractors providing any of the services under this Agreement shall not become entitled to, and hereby waive any claims to, any wages, salaries, compensation, benefit or any incident of employment by City, including, but not limited to, eligibility to enroll in, or reinstate to membership in, the California Public Employees Retirement System ("PERS") as an employee of City, and entitlement to any contribution to be paid by City for employer contributions or employee contributions for PERS benefits.

C. Consultant shall indemnify and hold harmless City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's personnel practices. or to the extent arising from, caused by, or relating to the violation of any of the provisions of this Section 6. In addition to all other remedies available under law, City shall have the right to offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this Section 6. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

7. PERS Compliance and Indemnification.

A. General Requirements. The parties acknowledge that City is a local agency member of PERS, and as such has certain pension reporting and contribution obligations to PERS on behalf of qualifying employees. Consultant agrees that, in providing its employees and any other personnel to City to perform the services under this Agreement, Consultant shall assure compliance with the Public Employees' Retirement Law, commencing at Government Code Section 20000, the regulations of PERS, and the Public Employees' Pension Reform Act of 2013, as amended. Without limitation to the foregoing, Consultant shall assure compliance with regard to personnel who have active or inactive membership in PERS and to those who are retired annuitants and in performing this Agreement shall not assign or utilize any of its personnel in a manner that will cause City to be in violation of the applicable retirement laws and regulations.

B. Indemnification. Consultant shall defend (with legal counsel approved by City, whose approval shall not be unreasonably withheld), indemnify, and hold harmless City, and its City and its elected officials, officers, employees, servants, designated volunteers, and agents serving as independent contractors in the role of City officials, from any and all liability, damages, claims, costs, and expenses of any nature to the extent arising from, caused by, or relating to Consultant's violation of any provisions of this Section 7. This duty of indemnification is in addition to Consultant's duty to defend, indemnify, and hold harmless as set forth in any other provision of this Agreement.

8. Confidentiality. All data, documents, discussion, or other information (collectively "data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential. Consultant shall keep all data confidential and shall not disclose any data to any person or entity without City's prior written consent. City shall grant such consent if disclosure is legally required. Consultant shall return all data to City upon the expiration or termination of this Agreement. Consultant's covenant under this Section 8 shall survive the expiration or termination of this Agreement.

9. Conflicts of Interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's services under this Agreement, including the Political Reform Act (Gov. Code, § 81000 *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section 9 into any subcontract that Consultant executes in connection with the performance of this Agreement.

10. Indemnification.

A. Indemnities for Third Party Claims.

1) To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively “Indemnitees”), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens and losses of any nature whatsoever, including fees of accountants, attorneys or other professionals, and all costs associated therewith, and the payment of all consequential damages (collectively “Liabilities”), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees’ active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liability with counsel of the Indemnitees’ choice, and shall pay all costs and expenses, including all attorneys’ fees and experts’ costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the workers’ compensation law regarding Consultant and Consultant’s employees. Consultant shall indemnify and hold City harmless from any failure of Consultant to comply with applicable workers’ compensation laws. City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant’s failure to promptly pay to City any reimbursement or indemnification arising under this Subparagraph A. 2).

3) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations, Consultant shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant’s subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Consultant’s subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees’ active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by final arbitration or court decision or by the agreement of the parties.

B. Workers' Compensation Acts not Limiting. Consultant's indemnifications and obligations under this Section 10, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 10 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liability, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Consultant's indemnifications and obligations under this Section 10 shall survive the expiration or termination of this Agreement.

11. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows: .

1) Commercial General Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of Two Million Dollars (\$2,000,000) per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of Two Million Dollars (\$2,000,000) per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under Subparagraph A. 1) of this Section 11.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of One Million Dollars (\$1,000,000) per accident for bodily injury or disease. If Consultant has no employees while performing services under this Agreement, workers' compensation policy is not required, but Consultant shall provide an executed declaration that it has no employees.

4) Errors and Omissions Insurance with minimum limits of Two Million Dollars (\$2,000,000) per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 11 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 11.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming the City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 11 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section 11 shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section 11 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail thirty (30) calendar days' prior written notice to City. If any insurance policy required under this Section 11 is canceled or reduced in coverage or limits, Consultant shall, within two (2) business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section 11 in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section 11, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon. Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 11. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two (2) weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 10 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 11.

12. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for Consultant's proper performance of the services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against the City relating to Consultant's performance or services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

13. Records and Inspections. Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of five (5) years. Consultant shall, without charge, provide City with access to the records during normal business hours. City may examine and audit the records and make transcripts therefrom, and inspect all program data, documents, proceedings and activities.

14. Termination or Suspension of Agreement.

A. Right to Terminate or Suspend. City may terminate or suspend this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least seven (7) calendar days before the termination or suspension is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least sixty (60) calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by

Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the services required by this Agreement.

15. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

16. Notices. Any notices, consents, requests, demands, bills, invoices, reports or other communications which either party may desire to give to the other party under this Agreement must be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by reputable document delivery service or courier service during Consultant's and City's regular business hours, or (c) five business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the party to be notified as set forth below:

If to City:
Attn: Brian K. Lee
City of Covina
125 E. College Street|
Covina, California 91723

If to Consultant:
Attn: Laura Tanaka
Converse Consultants
717 S. Myrtle Avenue
Monrovia, CA 91016

17. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

18. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 18 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 18, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or

other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

19. No Third Party Beneficiaries Intended. Except as otherwise provided in Section 10, this Agreement is made solely for the benefit of the parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

20. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

21. Exhibits. Exhibits A, B, C and D constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, the provisions of this Agreement shall control.

22. Entire Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the parties. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty except those expressly set forth in this Agreement.

23. Amendment of Agreement. This Agreement may be amended only by a writing signed by both parties. The City Manager is authorized to sign an amendment to this Agreement on the City Council's behalf and without the City Council's prior approval to make the following non-substantive modifications to the Agreement: (a) name changes; (b) extensions of time; (c) non-monetary changes in the scope of work; and (d) termination of the Agreement.

24. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the parties to this Agreement.

25. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

26. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.

27. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a municipal, superior or federal court with geographic jurisdiction over the City of Covina.

28. Attorneys' Fees. In any litigation or other proceeding by which on party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing party shall be awarded reasonable attorneys' fees together with any costs and expenses, to resolve the dispute and to enforce the final judgment.

29. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

30. Authority to Execute Agreement. The person or persons executing this Agreement on behalf of Consultant warrants and represents that he or she has the authority to execute this Agreement on behalf of the Consultant and has the authority to bind Consultant to the performance of its obligations hereunder.

[SIGNATURE PAGE FOLLOWS]

The parties, through their duly authorized representatives, are signing this Agreement on the date stated in the introductory clause.

City:

City of Covina,
a California municipal corporation

By: _____

Name: Chris Marcarello
Title: City Manager

Consultant:

Converse Consultants,
a California Corporation

By: _____

Name: _____
Title: _____

By: _____

Name: _____
Title: _____

(Two signatures of corporate officers required for corporations under Corporations Code Section 313, unless corporate documents

ATTEST:

authorize only one person to sign this Agreement on behalf of the corporation.)

By: _____

Name: Fabian Velez

Title: Chief Deputy City Clerk

EXHIBIT A
APPROVED FEE SCHEDULE

Time Frame/Schedule

It is anticipated that the time frame to complete the proposed Scope of Services is as follows:

Task	Number of Business Days
Asbestos, LBP and Other Hazardous Materials Survey	20
Phase II ESA	25

The analytical turnaround time is five (5) business days for the bulk asbestos samples and seven (7) business days for the soil samples.

Conditions and Fees

Converse services will be performed in accordance with the enclosed *General Conditions* (GC99-1), which form part of this proposal. Our services are for the sole benefit and exclusive use of the City of Covina and Frontier California Inc. in accordance with the General Conditions under which these services have been provided.

The fee for the Scope of Services described will be as follows:

Asbestos, LBP & Other Hazardous Materials Survey	\$	10,700.00
Phase II ESA	\$	15,200.00
Total Cost	\$	25,900.00

The project will be billed on a lump sum basis. Payment terms are net 30 days.

Written authorization will be required to initiate our services. Written authorization via electronic mail (email) is acceptable. This proposal expires 60 days from its issuance, if not accepted within that time.

If hard copies of the report are requested in addition to the PDF file there will be an additional charge of \$300.00 for each report. Additional professional services, including revisions to the scope of services, meetings, consultation with other parties, composition of reliance letters or detailed cost estimates are not included in the standard fee. Requested additional services can be provided on a time-and-materials basis.

No bulk PCB caulk or paint samples are proposed herein.



EXHIBIT B
SCOPE OF SERVICES



Converse Consultants

Geotechnical Engineering, Environmental & Groundwater Science, Inspection & Testing Services

November 30, 2023

Mr. Rafael Fajardo
City of Covina
Department of Public Works
125 East College Street
Covina, California 91723-2199

Subject: **PROPOSAL –**
 Asbestos, Lead Base Paint & Other Hazardous Materials Survey and
 Phase II Environmental Site Assessment
 Eastern Portion of Former Frontier Building
 176 E Badillo Street, Covina, California
 Converse Project No. 21-41-190-00 (-06)

Mr. Fajardo:

Converse Consultants (Converse) appreciates the opportunity to present this proposal for an *Asbestos, Lead-Base Paint (LBP) and Other Hazardous Materials Survey* and a Phase II Environmental Site Assessment (ESA) at the referenced site.

Based on the information provided by the City of Covina (herein referred to as Client), it is Converse's understanding that the City is considering acquiring the eastern portion of the building along with the majority of the associated parking lot (see attached map). referenced site.

If the City does acquire the site, the interior of the building will be renovated, and the parking lot will be redeveloped into residential housing. A Phase II ESA is being proposed in the area of an existing underground storage tank (UST) and associated generator building, which will be retained by Frontier. The City of Covina is proposing to redevelop the area surrounding the UST/generator building.

Scope of Services

Asbestos Survey

The *Asbestos Survey* will be limited to the predominant style of accessible materials that are present at the building. Based on Converse's understanding of the property, and the client's needs, budget and schedule as presented, the following Scope of Services is proposed:

1. Visual survey of the structure(s) on-site for suspect asbestos-containing materials and homogeneous areas (areas that have uniform color, texture, and appearance). In addition, if construction plans and/or specifications are available, Converse can review these items to help in the identification of potential asbestos-containing materials (ACMs). Suspect materials will be divided into friable and non-friable materials. The homogenous materials will be placed in one of the following Environmental Protection Agency (EPA) categories:
 - Surfacing Materials (sprayed or troweled-on materials)
 - Thermal Systems Insulations (materials generally applied to various mechanical systems)
 - Miscellaneous Materials (any materials which do not fit in the above categories)

Accessible interior and exterior areas (as noted below) will be sampled for the presence of asbestos. Samples of general building components (i.e., visually identical flooring material and ceiling tiles) will be assumed to be representative of materials used throughout the building. Converse will not make a second effort to survey buildings, or portions of buildings, not accessible during the field reconnaissance.

2. Suspect hardscapes materials such as concrete, mortars and asphalt will be sampled. However, sample locations will not be patched.
3. Suspect buried items underneath soil or foundations, such as vapor barriers, liners, mastics and pipes, are excluded from the proposed Scope of Services.
4. No destructive sampling methods will be employed during this survey. Therefore, the following items, including but not limited to, will not be sampled during the survey. These items will only be inventoried.
 - Mirror mastics
 - Ceiling tile mastics (concealed spline)
 - Fire doors
 - Void spaces between walls, floors and ceilings
 - Paneling adhesives
 - Tile grout & underlayment materials
 - Sink/sink piping gaskets
5. Collect samples of suspect ACMs in representative homogenous areas determined by visual examination and review of plans. Up to 113 bulk samples will be collected following accepted EPA procedures and will be analyzed for asbestos content. If additional sampling is necessary, City of Covina will be notified of all additional costs. The additional sampling will not be completed without prior authorization of the Client.



The strategy for the collection of asbestos samples will be in general accordance with EPA guidance document “*Asbestos in Buildings: Simplified Sampling Scheme for Friable Surfacing Materials*”, EPA 560/5-85-030a, October 1985, 40 CFR 763 (AHERA), and appropriate air pollution control district regulations. According to OSHA Regulation 29 CFR 1926.1101, a minimum of three samples must be collected of each suspect ACM.

6. During the collection of bulk samples, damage to the materials sampled is often necessary to obtain representative samples. Converse will attempt to collect the bulk samples in inconspicuous locations (behind doors, in closets, in corners); however, it will not always be possible, and sample locations will be visible to the owner/occupant/tenant.

Converse will patch interior plaster/drywall sample locations and exterior stucco walls with caulk/patching materials. However, Converse will not be held responsible for the quality or usefulness of the patching repairs.

Samples of vinyl flooring materials, baseboards and carpeting will be encapsulated with spray adhesive or lacquer, but holes and cuts in the materials will be present.

Typically, the bulk samples that will be collected are approximately 1.5-inches in diameter or a 1-inch square, and it would be collected to the substrate. Mastics from carpet and baseboards will be scraped from underneath/behind the materials; however, cuts and holes will be present.

7. Samples collected will be processed for shipment to an accredited laboratory following EPA protocol and chain-of-custody procedures. Samples at the laboratory will be analyzed, on a normal turnaround basis (5 business days), for asbestos content using polarized light microscopy (PLM). Laboratory results which indicate a trace amount of asbestos (less than one percent) will be reported as ACMs unless supplemental point count analysis is approved by Client at an additional cost.

The results of the survey will be evaluated to determine if asbestos-containing building materials are present in the collected and analyzed samples. The analytical test results will be presented together with the sample locations, a list of materials surveyed found to contain asbestos, and a field generated sample location map. An electronic file (PDF format) of the final document will be provided to the Client.

LBP Survey

The *LBP Survey* will be limited to the predominant style of accessible painted components that are present at the building. The survey will be performed using a direct reading x-ray fluorescent (XRF) device. No bulk paint chips samples will be collected during the survey. Based on Converse’s understanding of the property, and the client’s needs, budget and schedule as presented, the following Scope of Services is proposed:



1. Visual survey of the building on-site for representative painted surfaces. Accessible areas will be sampled for the presence of LBPs. Samples of general building components (i.e., visually identical surface paints) will be assumed to be representative of materials used throughout the building.
2. The limited survey is intended to identify representative painted surfaces. The survey is not intended to identify all painted surfaces or comply with Housing and Urban Development (HUD) Guidelines.

The results of the survey will be evaluated to determine if lead is present in the surveyed paints. The XRF logs will be provided in the final report. The logs will contain the following information: paint color of component tested, type of substrate, lead concentration, and condition of paint. The results of the *LBP Survey* will be incorporated into the *Asbestos Survey* report.

Inventory of Other Hazardous Materials

Converse will inventory the following within the building:

- Fluorescent Light Fixtures and light tubes
- Thermostats
- Illuminated fire exit signs
- Drums and/or containers of Hazardous Materials

The fluorescent light fixtures, thermostats and fire exit signs will not be disassembled. These items will only be inventoried.

Converse will assume one ballast is located within each florescent light fixture. All homogenous light fixtures will be assumed to be the same through the building.

Drums and/or containers of chemicals or hazardous materials will also be inventoried. Unlabeled drums or containers will not be opened by Converse.

The inventory will be provided in a section of the *Asbestos and LBP Survey Report*.

Phase II ESA

The objective of the Phase II ESA is to evaluate if any soil contamination is present that has impacted the proposed new City parcels. The UST and associated generator building are to be retained by Frontier and are not a part of the proposed City acquisition.



- **Project Set Up:**

Underground Service Alert (USA) will be notified at least 48 hours prior to completing borings. Prior to advancing each boring, locations of nearby underground (UG) utilities and other UG structures will be evaluated by surface observation of the proposed boring locations for features such as nearby manholes, utility vaults, or surface features served by UG utilities.

- **Field Activities:**

Three (3) borings will be advanced to maximum depths of 25-feet below ground surface (bgs) using direct push (Geoprobe) technology. The boring locations will be placed as close as possible to the UST but within the proposed City parcels. Soil samples will be collected from each of the borings at depths of 5, 10, 15, 20, and 25 feet bgs in acetate sleeves. A portion of each sample will be placed into a sealable bag for lithologic evaluation and screened with a photoionization detector (PID).

Split samples will be provided to the Frontier representative. The Frontier representative must be present on the day of the sampling as Converse will not be preparing the split samples.

- **Laboratory Analyses:**

Three (3) soil samples per boring (9 total) will be analyzed for total petroleum hydrocarbons (TPH) by EPA Method 8015M; and two (2) samples per boring (6 total) will be analyzed for metals by EPA Method 6010/7470.

- **Report Preparation:**

The results will be presented in a *Phase II ESA Report*. Included in the report will be a summary of the fieldwork and methodologies, as well as a discussion and summary of the analytical results.

Converse will also present our conclusions and recommendations for further assessment, potential mitigation measures, or remedial activities, if any.

Copies of boring location maps, summary tables of sample analytical results, and laboratory analytical reports with chain of custody documentation will be provided in the report. An electronic file (PDF format) of the final report will be provided to the Client.

Our services will be completed under the responsible charge of a California Professional Geologist (PG) or Professional Engineer (PE).



Time Frame/Schedule

It is anticipated that the time frame to complete the proposed Scope of Services is as follows:

Task	Number of Business Days
Asbestos, LBP and Other Hazardous Materials Survey	20
Phase II ESA	25

The analytical turnaround time is five (5) business days for the bulk asbestos samples and seven (7) business days for the soil samples.

Conditions and Fees

Converse services will be performed in accordance with the enclosed *General Conditions* (GC99-1), which form part of this proposal. Our services are for the sole benefit and exclusive use of the City of Covina and Frontier California Inc. in accordance with the General Conditions under which these services have been provided.

The fee for the Scope of Services described will be as follows:

Asbestos, LBP & Other Hazardous Materials Survey	\$	10,700.00
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Total Cost	\$	25,900.00

The project will be billed on a lump sum basis. Payment terms are net 30 days.

Written authorization will be required to initiate our services. Written authorization via electronic mail (email) is acceptable. This proposal expires 60 days from its issuance, if not accepted within that time.

If hard copies of the report are requested in addition to the PDF file there will be an additional charge of \$300.00 for each report. Additional professional services, including revisions to the scope of services, meetings, consultation with other parties, composition of reliance letters or detailed cost estimates are not included in the standard fee. Requested additional services can be provided on a time-and-materials basis.

No bulk PCB caulk or paint samples are proposed herein.



Converse's services are performed in a professional manner with the best interest of our Client in mind. Work is performed with care, exercising the customary thoroughness and competence of consulting professionals in the relevant disciplines, in accordance with the standard for professional services at the time and location those services are rendered. The most comprehensive scope of services may fail to detect asbestos-containing materials, LBPs or other forms of contamination on a particular site. Therefore, Converse cannot act as an insurer or "certify" that a site is free of asbestos-containing materials or LBPs or contamination.

Supplemental analyses to evaluate asbestos content at low percentages, such as 1,000-point count analysis, may be necessary to distinguish between ACMs, asbestos-containing construction materials (ACCMs) and non-ACMs. Converse has not included a cost estimate for point-counting as a part of the proposed Scope of Services. Laboratory results which indicate a trace amount of asbestos (less than one percent) will be reported as ACMs unless supplemental point count analysis is approved by Client. Supplemental 1,000-point count analysis can be completed. Costs and turnaround times will be provided as necessary.

Analysis by Transmission Electron Microscopy (TEM) can be used to further evaluate asbestos content in bound matrices. No bulk TEM analysis is budgeted in the proposed Scope of Services. Supplemental qualitative TEM analysis can be completed. Costs and turnaround times will be provided as necessary.

The soil boring locations and actual samples to be analyzed may differ than what is stated in the Scope of Services depending on field conditions. In the event that conditions are encountered that are significantly different than those anticipated, services not specifically proposed herein may be required in order to achieve the objective of this assessment. Converse will not proceed with these unanticipated services without receipt of a written authorization and agreement to the additional services. In the event that the scheduled Scope of Services cannot be performed due to circumstances beyond our reasonable control, the Client will be responsible for the labor and equipment cost incurred.

The soil borings will be backfilled with hydrated bentonite chips. As a result, the surface may settle or bulge over time. We recommend the owner monitor the boring sites and address any mounding or settlement depressions that might occur to prevent trip and fall injuries from occurring near the backfilled boring locations.

The above Scope of Services assumes that any utilities existing in the general area of the proposed work will not limit or be affected by investigative activities. Please note that performing the borings and moving exploration equipment to the test boring locations may cause damage to existing lawns, pavements and vegetation. Converse will make every reasonable effort to limit damage. However, this proposal does not include any services for work required to restore the Property to its original condition,



including backfilling of settled area, seeding, sodding, landscaping, repaving, or repair of underground piping and utilities.

It should be recognized that this proposal and its Scope of Services are proprietary in nature, and as such, may not be used as a specification or bidding document for and/or by others without the express prior written consent of Converse Consultants.

Converse understands that the Client is the only intended user of the document. If it is the intent to have other parties rely on this report, they must be identified on the *Acceptance of Agreement and Authorization to Proceed* form. If third party reliance requirements change, Client agrees with Converse Consultants that, to be valid, such request must be received within 180 days of the date of submission indicated on the title page of referenced report. Client and Converse Consultants also agree to the following:

- Reliance must be authorized through Converse Consultants' standard reliance agreement.
- The party seeking reliance must agree to accept the same terms and conditions Client accepted.
- The third party must agree to abide by the same qualifications and limitation contained in any of Converse Consultants' instruments of professional service.
- Client and/or third party must pay a reliance fee of \$1,000 (one thousand dollars) that considers the additional administrative burdens, increased costs incurred and risk assumed by Converse.

Closure

Thank you for this opportunity to be of service. Should you have questions regarding this proposal, please contact Laura Tanaka at (626) 930-1261.

Sincerely,

CONVERSE CONSULTANTS



Michael Van Fleet, PG
Senior Geologist



Laura Tanaka, CAC, Lead Certified
Principal Environmental Scientist

Encl: General Conditions (GC 99-1)
Map

Dist: 1/Addressee via Electronic Mail



Converse Consultants

\\CC-MONROVIA3\COMMON\41-Enviro\21-41-190-00 (-06) City of Covina-Frontier\PSL

CONVERSE CONSULTANTS

General Conditions –

Right of Entry

Client warrants to Converse that it has full legal right to authorize Converse's entry upon the real property where Converse's services are to be performed ("Site" herein) and upon all property, if any, required for ingress and egress to the Site.

Client authorizes Converse to enter upon the Site and such adjoining property as is necessary to allow Converse to perform its services.

Converse will take reasonable precautions to minimize any damage to the Site; however, Client acknowledges that during the normal course of the performance of Converse's services, some damage to the Site may occur. The correction of any damage to the Site (surface or subterranean) shall be the obligation of the Client.

Information Supplied by Client

Client warrants the accuracy of any information supplied by it to Converse, acknowledges that Converse will not verify the accuracy of such information, and agrees that Converse is entitled to rely upon any such information.

Client shall immediately notify Converse in writing of any data, information or knowledge in the possession of or known to Client relating to conditions existing at the Site and shall provide Converse with the location, size and depth of any and all underground tanks, piping or structures existing upon the Site.

Client shall defend, indemnify and save harmless Converse, its officers, agents and employees from and against any and all claims, costs, suits and damages, including attorneys' fees, arising out of errors, omissions and inaccuracies in documents and information provided to Converse by Client.

Ownership of Data and Documents; Samples

All reports, boring logs, field data, field notes, laboratory test data, calculations, estimates and other documents prepared by Converse shall remain the sole property of Converse.

Client shall have the right to the use of all data, recommendations, proposals, reports, design criteria and similar information provided to it by Converse ("information" herein); provided, however, that the information shall not be used or relied upon by any party other than Client, save and except as may be required by the design and licensing requirements of the project for which the information is provided; further, such use shall be limited to the particular site and project for which the information is provided. To the extent Client utilizes Converse's information by providing or making the same available to any third party (a) Client agrees to give written notice to any such third party that it may not utilize or rely on any aspect of Converse's information and (b) Client agrees to defend, indemnify and hold Converse harmless against any and all claims, demands, costs, losses, damages and expenses, including attorneys fees, that may be asserted against or sought from Converse by any such third party.

Client's right to the use of the information is expressly conditioned upon Client's prompt payment to Converse of all sums due under the Client/Converse agreement. In the event of Client's nonpayment or partial payment of said amounts, Client agrees that it shall not use any of the information for any purpose whatsoever and shall return the same to Converse within 2 business days upon demand.

Converse will retain all samples of soil, rock or other materials obtained in the course of performing its services for a period of thirty (30) days. Thereafter, further storage or transfer of samples to Client may be made at Client's expense upon written request from Client to Converse received by Converse prior to the expiration of the 30-day period.

Converse shall retain permanent records relating to the Converse services for a period of five (5) years following submittal of Converse's report, during which period the records will be made available to Client upon reasonable notice given by Client and upon payment to Converse of an amount sufficient to reimburse Converse for its necessary and reasonable expenses in making said records available.

Standard of Care and Professional Responsibility

Client acknowledges that the services to be performed by Converse involve the use of tests, calculations, analyses and procedures which are in a constant state of development, improvement and refinement and that, as such, improvements, changes in methods, and modifications of procedures have been made in the past, are now being made, and are expected to continue to be made in the future.

Further, Client recognizes that, while necessary for investigations, commonly used exploration methods, such as drilling borings or excavating trenches, involve an inherent risk. For example, exploration on a site containing contaminated materials may result in inducing cross-contamination, the prevention of which may not be complete using presently recognized sealing methods.

Client recognizes that the state of practice, including but not limited to the practice relating to contamination or hazardous waste conditions, is changing and evolving and that standards existing at the present time may subsequently change as knowledge increases and the state of the practice continues to improve.

Client recognizes that projects containing contaminated materials may not perform as anticipated by Client, even though Converse's services are performed in accordance with the level of care and skill required of it. Further, certain governmental regulations relating to hazardous waste

sites may purport to require achievement of results which cannot be accomplished in an absolute sense. It is recognized that a satisfactorily designed, constructed and maintained monitoring system may assist in the early detection of environmental changes allowing for early correction of problems. Unless it is specifically included in the scope of services to be performed by Converse, Client understands that Converse shall not perform such monitoring.

The services to be provided by Converse pursuant to the agreement to which these General Conditions are a part shall be provided in accordance with generally accepted professional engineering, environmental, and geologic practice in the area where these services are to be rendered and at the time that services are rendered. Client acknowledges that the present standard in the engineering and environmental professions does not include, and Converse does not extend to Client, a guarantee of perfection of the work contemplated hereby; further, that even in the exercise of normal and reasonable care, errors or omissions may from time to time occur. Except as expressly set forth in these General Conditions, no other warranty, express or implied, is extended by Converse.

Converse shall have no duty to supervise, coordinate or otherwise be involved in the performance of services or work by any third party consultant, contractor or subcontractor.

Where Converse's services involve field observation of grading, filling and compaction (or any of them), it is agreed:

- That Converse shall in no way be responsible for the manner in which such work is performed by any third party.
- That in the event Converse is to provide periodic observation, Client acknowledges that Converse cannot be responsible for any work performed at a time or times when Converse was not performing its observation services. Converse will not provide an opinion concerning the performance of any third party, save and except to the extent that said work was in fact observed and tested by Converse during the course of construction.
- That where Converse's services include continuous observation, Client agrees not to allow grading, filling or compaction to be performed at any time or times when Converse is not physically present upon the Site and shall restrict the amount and extent of such grading, filling and compaction to that which can be properly observed by Converse personnel present on the Site.
- That in the event Converse is to conduct test borings for Client, Client acknowledges that the accuracy of said test borings relates only to the specific location in which the boring itself was performed and that the nature of many sites is such that differing subsurface soil characteristics can be experienced within a small distance. As such, Client acknowledges that greater accuracy is obtained when the number of test borings is increased.

Technical Limitations

Client acknowledges and agrees that: (1) it is unreasonable to expect Converse to be able to completely evaluate subsurface conditions, even after the most comprehensive exploratory program; (2) site conditions change frequently due to the passage of time, human activities, and climatic conditions and uncertainties are therefore inherent in the nature of Converse's services and impossible to avoid; (3) the identification of geotechnical and environmental conditions and the prediction of future or concealed conditions is an inexact scientific endeavor; (4) the state of the art of geotechnical and environmental practice is such that Converse cannot guarantee that its recommendations will prove adequate on this project and the Client assumes the risk of any such failure, except as otherwise provided in these General Conditions and that (5) these General Conditions contains specific LIMITATIONS OF LIABILITY.

Indemnity of Client and Limitation of Liability

Converse shall indemnify Client, its officers, directors, agents or employees from any claim, demand or liability arising from personal injury or property loss or damage caused by the sole negligence or willful misconduct of Converse.

Anything to the contrary in the agreement to which these General Conditions are attached or in these General Conditions notwithstanding, Converse's liability shall be limited to the lesser of the fees charged to Client by Converse for the services performed for Client, or the sum of fifty thousand dollars. Client may, at its option, increase the maximum amount for which Converse shall be liable by payment of an additional fee. For the maximum liability sum of one hundred thousand dollars, the additional amount to be paid shall be four percent of the total Converse fee charged hereunder; for the maximum liability sum of one million dollars, the additional amount to be paid shall be five percent of the total Converse fees charged hereunder. Client acknowledges and agrees that its recovery, if any, shall be satisfied, in the first instance, from the proceeds of Converse's insurance, and to the extent of any deficiency in the available insurance proceeds, then and only then, by Converse.

Client acknowledges that Converse has agreed to charge Client a reduced fee for services in exchange for the above limitation of liability and that said reduction in fees is consideration for said limitation.

Client shall defend and save harmless Converse, its officers, directors, agents and employees from all liability, claims and demands, including expenses of suit and

reasonable attorneys' fees arising from personal injuries, including disease and death, property loss or damage, injury to others (including personnel of Client, Converse or subcontractors performing work hereunder), and air or ground pollution or environmental impairment arising out of or in any manner connected with or related to the performance of Converse's services, except where there is a judicial determination that such injury, loss or damage shall have been caused by the sole negligence or willful misconduct of Converse. Client acknowledges that Converse has charged Client a reduced fee for services to be performed by it in exchange for this hold harmless and that the reduction in fees is consideration for said hold harmless provision.

Converse will not be liable for consequential damages of any kind, nature or description.

Hazardous Waste, Pollution and Health Hazard Projects ("Hazardous Projects" Herein)

Prior to the commencement of services by Converse on any hazardous project, Client agrees to advise Converse in writing of any known hazardous waste or materials existing on or near the Site or if any of said services are to be performed in an area where dust, fumes, gas, noise, vibrations or other particulate or nonparticulate matter is in the atmosphere where it raises a potential or possible health hazard or nuisance to anyone working within the area.

Anything in these General Conditions notwithstanding, Client shall indemnify and hold Converse, its officers, directors, agents, servants and employees, harmless from any claim, demand or action brought by any party whomsoever, including employees of Converse which claim, demand or action is based upon injury or damage caused or alleged to have been caused by hazardous wastes or hazardous materials whether or not such waste or materials were known to exist prior to the commencement of services.

Client agrees to be responsible for the removal and disposal of any hazardous waste uncovered as a result of the site investigation, including drill cuttings, unless specifically included within the scope of work

It is agreed that the discovery of unanticipated hazardous materials constitutes a changed condition mandating an immediate renegotiation of the scope of services or termination of services. Converse will at all times endeavor to perform in a faithful and trustworthy manner. Client understands that Client or Converse may be required by local and/or state and/or federal statute to report the discovery of hazardous materials to a government agency. Client also understands that Converse may be required by local and/or state and/or federal statute to report the discovery of hazardous materials to a government agency, and that Converse, when practical, will do so only after notifying Client. In the event Converse discovers hazardous material that we believe poses an immediate threat to public health and safety, Converse will use its best judgment to notify appropriate emergency personnel for immediate containment. Client agrees to take no action of any kind against Converse when Converse makes a good-faith effort to fulfill its obligations.

Client's Responsibilities

Client shall immediately provide Converse with full information in writing as to Client's requirements for the services to be provided by Converse and shall designate in writing within five (5) days of the effective date of the agreement to which these General Conditions are a part, a representative to act on Client's behalf in conjunction with the services to be provided hereunder. Client shall promptly review all documents, reports, data and recommendations submitted by Converse and shall communicate with Converse concerning such reviews for the purpose of avoiding delay in the performance of the services to be rendered by Converse.

Client shall notify any third party who may perform on the Site of the standard of care being undertaken by Converse pursuant hereto and of the limitations of liability contained herein. Client shall require as a condition to the performance of any such third party a like indemnity and limitation of liability on their part against Converse.

Confidentiality

Converse shall hold all information provided to it by Client and the results of the work performed by it confidential and shall not disclose the same to any third party except where required by Governmental regulatory agencies or as otherwise required by law.

Disputes

Converse shall have the right to bring a legal action in a state or federal court against Client for any sums due or alleged to be due to it or for services rendered. Except for this right, Converse and Client agree that as an express condition to the right of either party to bring a legal action against the other, they shall first submit any dispute to mediation by a neutral person acceptable to both parties.

Each party shall bear its own attorneys' fees, costs and other expenses, except that each party shall be responsible and pay for one-half of the costs and expenses of the mediator. In the event that legal action is required, the prevailing party shall be entitled to recover all of its costs incurred in connection therewith including, without limitation, staff time, court costs, attorneys' fees, consultant and expert witness fees and any other related expenses. In this regard, in order to make the prevailing party whole, the parties acknowledge and agree that the prevailing party shall be entitled to recover all of its costs incurred in connection with the legal action and shall not be limited to "reasonable attorneys fees" as defined in any statute or rule of court.

The obligations, responsibilities, warranties and liabilities of the parties shall be solely those expressly set forth herein. Remedies and limitations of liability shall apply regardless of whether an action is brought in contract, or is based on either party's negligence, or another theory of law. All of the rights, remedies, obligations, terms, conditions and limitations of liability stated herein shall extend collectively to and be binding upon the parties' partners, joint ventures, licensors, successors, assigns, insurers, and affiliates. Client and Converse agree that any legal action with respect to the services to be performed under these General Conditions shall be brought against the parties, and not against individual officers, employees or former employees of the parties. All legal actions by either party against the other for breach of these General Conditions or for the failure to perform in accordance with the

applicable standard of care, however framed, that are essentially based upon such breach or failure shall be barred two (2) years from the time claimant knew or should have known of its right to make a claim, but, in any event, not later than four (4) years from substantial completion of Converse's services.

Jobsite Safety

Converse shall be responsible for its activity and that of its employees on the Site. This shall not be construed to relieve the Client, its general contractor or any subcontractor of their obligation to maintain a safe jobsite.

Neither the professional activities nor the presence of Converse or its employees and subcontractors shall be understood to control the operations of others, nor shall it be construed to be an acceptance of the responsibility for jobsite safety.

Converse will not direct, supervise or lay out the work of the Client, contractor, or any subcontractors. Converse's services will not include a review or evaluation of the adequacy of the contractor's safety measures on or near the Site.

Schedules

Unless otherwise specified in the agreement, Converse shall be obligated to perform within a reasonable period of time. Converse shall not be responsible for delays in the completion of its services created by reason of any unforeseeable cause or causes beyond the control and/or without the fault or negligence of Converse, including but not restricted to acts of God or the public enemy, acts of the Government of the United States or of the several states, or any foreign country, or any of them acting in their sovereign capacity, acts of other contractors with Client, fire, floods, epidemics, riots, quarantine restrictions, strikes, civil insurrections, freight embargoes, and unusually severe weather.

Should completion of any portion of the services to be rendered by Converse be delayed beyond the estimated date of completion for any reason which is beyond the control of or without default or negligence of Converse, then and in that event Client and Converse shall mutually agree on the terms and conditions upon which the services may be continued or terminated.

Invoices

Converse shall submit monthly progress invoices to Client, and a final bill shall be submitted upon completion of the services. Within thirty (30) days after receipt of an invoice, Client shall pay the full amount of the invoice. If Client objects to all or any portion of any invoice, it shall so notify Converse of the same within fifteen (15) days from the date of receipt of said invoice and shall pay that portion of the invoice not in dispute, and the parties shall immediately make every effort to settle the disputed portion of the invoice.

If Client fails to make payment within thirty (30) days after receipt of an invoice, then Client shall pay an additional monthly service charge of one and one-half percent (1½ %) on all such amounts outstanding. The additional charge shall not apply to any disputed portion of any invoice resolved in favor of Client. In the event Client fails to pay any undisputed amount to Converse when due, Converse may immediately cease work until said payment together with a service charge at the rate of 1½ % per month, as specified above, from the due date has been received. Further, Converse may, at its sole option and discretion, refuse to perform any further work irrespective of payment from Client.

In the event that all or any portion of the 1½ % service charge provided for herein is deemed to be an interest charge, then and in that event said interest charge shall be limited to the maximum amount legally allowed by law.

Client acknowledges Converse's fee schedules are revised annually and agrees that the fee schedule in effect at the time the services are performed shall apply to such services.

Insurance

Converse represents that it now carries, and will continue to carry during the term of the contract to which these General Conditions are a part, Workers Compensation insurance and that, if requested, Converse shall provide to Client certificates as evidence of the aforementioned insurance.

Assignments

Client shall not assign this contract or any portion thereof to any other person or entity without the express written consent of Converse. Nothing contained in this contract or any part thereof shall be construed to create a right in any third party whomsoever, and nothing herein shall inure to the benefit of any third party.

Severability

If any provision of these General Conditions is finally determined to be contrary to, prohibited by, or invalid under applicable laws or regulations, such provision will be renegotiated so as to give effect to the intent of the parties to the maximum possible extent. Such determination and renegotiation shall not affect or invalidate the remaining provisions or these General Conditions.

Governing Law

These General Conditions shall be governed by and construed under the laws of the State of California.

The current owner is marketing the eastern portion of the property for sale in as-is condition, along with a portion of the rear parking lot. It will retain the western portion of the office building and will require 24/7 access to the electrical room in the eastern portion of the building, as well as 24/7 access to the generator building, both via permanent easements. In order to appraise the portion of the property listed for sale, I have to assume two hypothetical parcels, as shown in the following aerial map:



The subject portion of the office building totals 17,247 SF and is situated on a 13,000 SF (0.30-acre) site. This has been denoted as Hypothetical Parcel A in this report. The subject portion of the rear parking lot totals 39,210 SF (0.90-acres). This has been denoted as Hypothetical Parcel B.

In order for the subject office building to become operational, several items of physical depreciation and obsolescence need to be cured:

1. The 2nd Floor corridor bridge must be removed;
2. The rooftop mechanicals serving the western building must be removed;
3. Any power from the electrical room to the subject building must be separated;
4. A lot split must be applied for and recorded;
5. An access easement must be recorded; and
6. The subject needs to be upgraded and retrofitted to comply with building codes. This includes the installation of an elevator to conform to ADA guidelines.

Best,
Alana

From: Laura A. Tanaka <ltanaka@ConverseConsultants.com>
Sent: Tuesday, November 28, 2023 11:15 AM
To: Alana Spector <ASpector@covinaca.gov>



CC Regular Meeting AGENDA ITEM REPORT

Meeting: February 6, 2024

Title: Consideration to Amend Covina Municipal Code Section 2.04 Related to City Council Compensation and Adopt Resolution CC 2024-07 Related to Elected Officials Compensation Pursuant to Senate Bill 329

Presented by: Chris Marcarello, City Manager
Candice Lee, City Attorney

Recommendation: Waive full reading and introduce Ordinance 24-01, entitled An Ordinance of the City Council of the City of Covina, California, Amending Chapter 2.04 of the Covina Municipal Code to Add a New Section Pertaining to Compensation of the Mayor and City Councilmembers pursuant to Senate Bill 329 and Adopt Resolution CC 2024-07, Related to Elected Officials Compensation.

EXECUTIVE SUMMARY:

In June 2023, the Governor signed SB 329, which amends California Government Code section 36516, effective January 1, 2024, to increase the maximum salaries set forth in Section 36516 to adjust for inflation since 1984. Recognizing that the statutory compensation levels had not been adjusted for nearly forty (40) years, the Legislature’s stated purpose of the bill seeks to reduce economic barriers for service on a City Council, helping to attract individuals from varying income levels and encouraging greater diversity among City Council members throughout the State. The City’s current compensation for City Council members was established in 1988 in the amount of \$400 per month and any adjustments to compensation would take effect after the results are certified for the next City Council election, which is expected to take place in March 2024 and be certified in April 2024.

DISCUSSION:

The maximum monthly city council compensation for general law cities must be approved by ordinance, pursuant to the Government Code. As such, the City’s current compensation for City Council members was established in 1988 in the amount of \$400 per month (Ordinance No 88-1667). Pursuant to SB 329, general law cities may adjust salaries according to their population as follows:

- Cities up to and including 35,000 in population, up to and including \$950 per month;
- Cities up to and including 35,000 up to and including 50,000 in population, up to and including \$1,275 per month;
- Cities over 50,000 up to and including 75,000 in population, up to and including \$1,600 per month;
- Cities over 75,000 up to and including 150,000 in population, up to and including \$1,900 per month;
- Cities over 150,000 up to and including 250,000 in population, up to and including \$2,550 per month;
- Cities over 250,000 population, up to and including \$3,200 per month.

Additionally, Government Code 36516 states that the population of a City shall be determined by the last preceding federal census, a subsequent census, or an estimate validated by the California Department of Finance. Accordingly, it was determined that the City of Covina’s population is as follows:

U.S. Census Bureau

COUNTY/CITY	2020
Covina	51,268

<https://data.census.gov>

California Department of Finance

COUNTY/CITY	4/1/2020	1/1/2021	1/1/2022	1/1/2023
Covina	51,315	51,279	50,690	50,350

<https://dof.ca.gov/forecasting/demographics/estimates>

Based on this information, a general law city with a population of between 50,000 and 75,000 may pay city councilmembers compensation of up to \$1,600 per month. Given that the City of Covina’s population now exceeds 50,000 people, the draft ordinance proposed to amend Chapter 2.04 of the Covina Municipal Code (“City Council”) to add a new section – 2.04.050 (“Compensation”) – to provide councilmembers a salary of \$1,600 per month, consistent with SB 329. In subsequent years, the salary may be adjusted further based on inflation, or 5% annually from the last operative date. An ordinance cannot provide for automatic increases or adjustments, and all future adjustments must be made by ordinance. Compensation changes may be effective only when one or more city councilmembers start a new term.

Other Elected Officials

SB 329 does not include any similar provisions regarding compensation for other elected officials, such as the City Clerk or the City Treasurer. However, Government Code Section 36517 permits the City Council to set such compensation by resolution. As such, the City Council may desire to consider a proportionate adjustment of the City Clerk and City Treasurer compensation amounts. Resolution CC 2024-07 has been drafted for the City Council’s consideration, and as drafted, would increase monthly compensation from \$200 per month to \$600 per month. Although not specifically required by law, as drafted, the proposed adjustment in compensation for the City Clerk and City Treasurer would take effect at the same time as the City Council compensation changes.

FISCAL IMPACT:

The financial impact of the proposed compensation adjustments is \$18,000 for the remainder of Fiscal Year 2023-24. If adopted, the City Council would consider an appropriation in conjunction with the mid-year budget review scheduled at an upcoming meeting.

CEQA (CALIFORNIA ENVIRONMENTAL QUALITY ACT):

The introduction of this ordinance is not a “project” as defined in Public Resources Code Section 21065 and not subject to CEQA review.

ORDINANCE 24-01

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, AMENDING CHAPTER 2.04 (CITY COUNCIL) OF THE COVINA MUNICIPAL CODE TO ADD A NEW SECTION 2.04.050 (COMPENSATION) PERTAINING TO COMPENSATION OF THE MAYOR AND CITY COUNCILMEMBERS

THE CITY COUNCIL OF THE CITY OF COVINA, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and declares that:

A. Effective January 1, 2024, SB 329 revised Government Code Section 36516 to permit general law cities, such as the City of Covina, to increase the maximum compensation amounts payable to members of the City Council up to a statutory limit based on city population;

B. SB 329 was adopted to “reset” city council salaries to take into account that the salary amounts listed in the Government Code had not been revised in 40 years (*i.e.*, since 1984) and thus had not kept pace with inflation. Moreover, in adopting SB 329, the State Legislature found and declared that allowing cities to adjust council member salaries would help city councils become more diverse and would encourage more persons to consider public service as council members because the increased compensation could help individuals from across different income levels receive sufficient income to help ensure that they can continue to serve and support their families;

C. Compensation paid to the Covina Mayor and Members of the City Council has not been changed since 1988, which is a period of 36 years; and

D. Increasing the compensation paid to the Mayor and Members of the City Council also may help remove economic barriers to service in City office and help to encourage more individuals to run for office; and

E. The City Council hereby specifically finds that all of the facts set forth in the recitals of this Ordinance are true and correct and are incorporated herein as if set forth in full.

SECTION 2. Pursuant to Government Code Section 36516(g)(2), the City Council makes the following findings demonstrating the need for the increased compensation as follows: (i) the statewide compensation schedule for city council members of general law cities, which includes the City of Covina, has not been adjusted since 1984, meaning that city council compensation has not kept pace with inflation; (ii) California has had an approximate 300% increase in the cost of living since 1984; (iii) the privilege to serve on the city council requires the expenditure of significant time during weekdays and weekends to attend meetings of the City as well as other meeting assignments as well as attend events in the community; (iv) city council service also involves time and work in reviewing staff reports, other agenda reports, legal documents, and state legislation that would impact the city; attending to representative assignments at regional government body meetings; staying informed on current local and state issues; and reviewing financial materials, budgets and reports among the many duties of a council member; and (v)

ATTACHMENT A

increasing city council compensation will reflect the time and work being performed by members of the city council but more importantly, will create opportunities to assist the city in encouraging that its council become more diverse as stated by the findings of Senate Bill 329 and that increased compensation can help individuals from across different income levels receive sufficient income from their service to help ensure that they can continue to serve the public and support themselves and their families.

SECTION 3. Chapter 2.04 (City Council) of the Covina Municipal Code is hereby amended to add a new Section 2.04.050 (Compensation) to read as follows:

“2.04.050 Compensation.

Pursuant to Government Code Section 36516 or any successor statute, the Mayor and each member of the City Council shall receive a salary of \$1,600 per month. The salary of the Mayor and members of the City Council may be changed in the manner provided by law.”

SECTION 4. The adoption of this Ordinance is not a “project” as defined in Public Resources Code Section 21065 and not subject to CEQA review.

SECTION 5. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance or the application thereof to any person or place, is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remainder of this ordinance. The City Council hereby declares that it would have adopted this Ordinance, and each and every section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, phrases, or portions thereof be declared invalid or unconstitutional.

SECTION 6. Pursuant to Government Code Section 36516.5, the adjustment in compensation for all City Council members provided by this Ordinance shall not take effect until the commencement of the terms of any new City Council members or re-elected City Council members following the general municipal election to be held in March 2024. When such adjustment takes effect, Ordinance No. 88-1667 shall be repealed.

SECTION 7. The City Clerk shall certify to the passage of this Ordinance and shall cause the same to be entered in the book of original ordinances of said City; shall make a minute passage and adoption thereof in the records of the meeting at which time the same is passed and adopted; and shall, within fifteen (15) days after the passage and adoption thereof, cause the same to be published as required by law, in a local weekly newspaper of general circulation and which is hereby designated for that purpose.

PASSED, APPROVED and ADOPTED this ___ day of _____, 2024.

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

APPROVED AS TO FORM:

CANDICE K. LEE, City Attorney

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Ordinance 24-01 was introduced for first reading at a regular meeting on the __ day of _____, 2024. Thereafter, said Ordinance was duly approved and adopted at a regular meeting of said City Council on the __ day of _____, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk

RESOLUTION CC 2024-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINA,
CALIFORNIA, AMENDING THE COMPENSATION FOR CITY CLERK
AND CITY TREASURER**

WHEREAS, Section 36517 of the Government Code provides that compensation for the City Clerk and City Treasurer may be set by resolution; and

WHEREAS, on June 23, 1980, the Covina City Council adopted Resolutions 3851 and 3852, establishing the salary for City Clerk and City Treasurer at \$200 per month; and

WHEREAS, it has been determined that California has had an approximate 300% increase in the cost of living since 1984 and compensation for the City Clerk and City Treasurer has not been amended since 1980; and

WHEREAS, increasing compensation for the City Clerk and City Treasurer will create opportunities to assist the City in encouraging that its elected officials become more diverse and can help individuals from across different income levels receive sufficient income from their service to help ensure that they can continue to serve the public and support themselves and their families.

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

SECTION 1. Effective April 2024, the compensation for City Clerk and City Treasurer shall be fixed at \$600 per month.

SECTION 2. The City Clerk shall certify to the passage and adoption of this resolution and shall enter the same in the Book of Original Resolutions.

SECTION 3. Council Resolutions 3851 (1980) and 3852 (1980) shall hereby be repealed effective April 1, 2024.

APPROVED and **PASSED** this 6th day of February, 2024

City of Covina, California

BY: _____
WALTER ALLEN, III, Mayor

ATTEST:

FABIAN VELEZ, Chief Deputy City Clerk

ATTACHMENT A

CERTIFICATION

I, Fabian Velez, Chief Deputy City Clerk of the City of Covina, do hereby certify that Resolution CC 2024-07 was duly adopted by the City Council of the City of Covina at a regular meeting held on the 6th day of February, 2024, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

Dated:

FABIAN VELEZ, Chief Deputy City Clerk