

**AVALON CITY COUNCIL MEETING
TUESDAY, NOVEMBER 15, 2016 – 6:00 P.M.
CITY COUNCIL CHAMBERS
410 AVALON CANYON ROAD, AVALON
A G E N D A**

In compliance with the Americans with Disability Act, if you need special assistance to participate in this meeting, please contact Denise Radde, City Clerk (310) 510-0220. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35. 102-35.104 ADA Title II). All public records relating to an agenda item on this agenda are available for the public inspection at the time the records are distributed to all, or a majority of all, members of the City Council. Such records shall be available at City Hall located at 410 Avalon Canyon Rd.

CALL TO ORDER / PLEDGE OF ALLEGIANCE / INVOCATION / ROLL CALL

ANNOUNCEMENTS / WRITTEN COMMUNICATIONS

CITY MANAGER REPORT / CITY ATTORNEY REPORT

COUNCILMEMBER REPORTS / MAYOR REPORT

PRESENTATION

1. Update from Southern California Edison on Stage III Water Rationing.

ORAL COMMUNICATION

Members of the public may address the City Council at this time. No action will be taken on non-agenda items at this meeting. Speakers should limit comments to three (3) minutes each.

CONSENT CALENDAR

All items listed on the Consent Calendar are considered to be routine by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a specific item is removed from the Consent Calendar for further discussion and possible action.

1. Actions
Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.
Recommended Action
Approve actions from the November 1, 2016 regular City Council.
2. Warrants
Disbursements from October 12, 2016 to November 9, 2016 are comprised of warrants totaling \$890,201.25, two payrolls totaling \$447,904.09, and four electronic funds transfers totaling \$147,963.01.

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Recommended Action

Approve the total disbursements from October 12, 2016 to November 9, 2016 totaling \$1,486,068.35.

3. Resolutions Appointing an Alternate Director to the Public Agency Risk Sharing Authority of California Board of Directors and California Transit Systems Joint Powers Authority

The City of Avalon is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a statewide risk sharing Joint Powers Authority (JPA) and is also a member of California Transit Systems Joint Powers Authority (CalTIP). PARSAC exists for the purpose of providing its member agencies with comprehensive general liability coverage, workers' compensation, property insurance, special events insurance, and fidelity bonds. CalTIP provides similar benefits to the City, but only for public transportation liability, which is excluded by PARSAC.

Recommended Action

Adopt the two resolutions authorizing the Chief Administrative Officer/City Clerk to serve as the Alternate Director to the Public Agency Risk Sharing Authority of California (PARSAC) Board of Directors and California Transit Systems Joint Powers Authority (CalTIP).

4. Contract with HDR Inc. to Conduct a Sewer, Saltwater and Solid Waste Cost of Service Study

The City provides sewer, saltwater and solid waste services to its residents and businesses. However, it has been more than ten years since a cost of service study (COS) was conducted. It is essential for a COS to be conducted periodically to ensure sufficient revenue is generated for the ongoing operation of the services and that the rate payers are allocated their fair share of fees for the services received.

Recommended Action

(1) Determine that the cost of service study can be procured more economically and efficiently without a formal request for proposal process, (2) Authorize the City Manager to contract with HDR Engineering, Inc. to conduct a sewer, saltwater and solid waste cost of service study for the City of Avalon for a cost not to exceed \$34,850, and (3) Authorize the City Manager to approve up to an additional \$5,000 (15%) for unforeseen expenses, if necessary.

5. Adopt Resolution Approving the New Grant of \$80,000 Allocated to Park Improvements at Joe Machado Field from the Los Angeles County Regional Park and Open Space District and Adoption of the City of Avalon's Youth Employment Plan

In September/October 2016, the City was notified by Supervisor Don Knabe's office that an additional \$284,000 was available in the way of Los Angeles County Regional Park and Open Space District and Adoption Proposition A funds. Staff was requested to

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propose a list of park improvement projects to the County and that list was approved for the funding.

Recommended Action

Adopt the resolution to approve \$80,000 for additional park enhancements to Joe Machado Field for funding from the Los Angeles County Regional Park and Open Space District and adopt the City of Avalon's Youth Employment Plan as it relates to grant funds and authorize the Mayor to sign same.

6. Funding Agreement with County for New Desalination Plan

Southern California Edison (SCE) completed construction of the Catalina Water Desalination Plant No. 2 in November, 2015 and the Plant has been operational since April, 2016. The City contributed \$500,000 to SCE for construction of the Plant. The County of Los Angeles, through the work of Supervisor Don Knabe, would like to contribute another \$500,000 towards the project. The County insisted that the agreement be between the County and the City, not the County and SCE.

Recommended Action

Staff recommends that the City Council approve and authorize the City Manager to execute a funding agreement with the County of Los Angeles for the County's funding of up to and additional \$500,000 for construction costs related to the Catalina Water Desalination Plan No. 2.

7. Approval of Recognition Event Expenses for Supervisor Don Knabe

On Saturday, October 22, 2016, the City held a thank you celebration for Supervisor Knabe in appreciation for all his support and assistance over the last twenty years.

Recommended Action

That the City Council ratify the action taken by staff to expend these monies and approve expenditures in the amount of \$11,735.80 in recognition of service rendered to the City of Avalon by Supervisor Don Knabe.

GENERAL BUSINESS

8. eBus Charging Infrastructure - Concrete Slab Installation

On the October 4, 2016, City Council meeting Staff was directed to bid a permanent hard surface installation for the eBus charging station. Advertisements for bids were published on October 7, 2016. The City received two proposals for \$32,500 and \$38,900. Based on the two existing bids the recommendation is to complete the work in house with the Public Work's crew.

Recommended Action

- (1) Allow Staff to schedule the Public Work's crew to proceed in installing a concrete slab at the current eBus charging facility pad.
- (2) Adopt a resolution authorizing Staff to proceed with the improvements. A four-fifths vote of the City Council in favor of allowing Staff to do the work is necessary.

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9. Ordinance to Adopt Changes to Title Nine of the Avalon Municipal Code to Authorize Administrative Approval of Minor Renovation Projects
In 1991, the Planning Commission established a policy to allow some minor renovation projects to be approved administratively by Staff. This ordinance will codify that policy with minor change. The Planning Commission is recommending that "Minor Renovation" also include temporary uses as well as the types of projects already administered by the policy.
Recommended Action
Introduce and waive all further readings of an Ordinance amending Section 9-8.204 of the Avalon Municipal Code in its entirety to allow administrative approval of minor renovations projects and amending Section 9-3.613 to add the definition of "Minor Renovation".
10. Shore Boat Service-Review and Action
Island Enterprises, formerly known as Island Navigation, has been providing shore boat service in Avalon since 1975. In 1977, the City granted Island Navigation an exclusive franchise agreement for providing shore boat service in City waters. Their franchise agreement has expired.
Recommended Action
1. Direct the City Manager and Harbor Master to issue a second Request For Proposal offering up to a \$250,000 subsidy to operate a year round shore boat service if a documented need is demonstrated, or
2. Direct the City Manager through the Harbor Master to pursue a City-operated shore boat service with an annual operating budget not to exceed \$250,000 and an initial capital expenditure of \$600,000 to \$800,000 for three shore boats. The procurement of the boats and proposed funding would be presented to the City Council prior to committing the purchase.
11. Report and Possible Action for the City to Provide Water to Local Residents as an Urgency Measure Recommended Action
Discuss and provide direction.

CLOSED SESSION

1. CONFERENCE WITH LABOR NEGOTIATOR
Agency designated representatives: City Council, David Jinkens, City Manager
Compensation and Benefits for Management, Exempt and Other Unrepresented Employees

ADJOURN

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NOTICE OF POSTING

I, Denise Radde, declare that the City Council Agenda for November 15, 2016 was posted Thursday, November 10, 2016, on the City's website www.cityofavalon.com, and at City Hall, 410 Avalon Canyon Road. Copies of agendas and staff reports are available at City Hall.



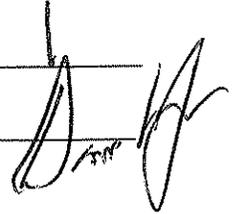
Denise A. Radde, City Clerk / Chief Administrative Officer

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 1, 2016
ORIGINATING DEPT: City Clerk
PREPARED BY: Denise Radde, City Clerk
SUBJECT: City Council Actions

AGENDA ITEM: _____

CITY MANAGER: _____



RECOMMENDED ACTION(S): Approve actions from the October 18, 2016 regular City Council meeting.

REPORT SUMMARY: Although the live recording is the official record of public meetings, actions are prepared for the Council's approval.

FISCAL IMPACTS: N/A

GOAL ALIGNMENT: Not aligned,

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: N/A

FOLLOW UP ACTION: File Actions in the City Clerk's office.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: Actions

**CITY OF AVALON CITY COUNCIL
TUESDAY, NOVEMBER 1, 2016
ACTIONS**

CITY COUNCIL CALL TO ORDER 6:03 p.m.

ROLL CALL - Mayor Anni Marshall, Mayor Pro Tem Oley Olsen, and Councilmember Cinde Cassidy were present at the beginning of the meeting. Councilmembers Richard Hernandez, and Joe Sampson arrived later in the meeting. Also present City Manager David Jinkens, Chief Administrative Officer/City Clerk Denise Radde and City Attorney Scott Campbell.

PRESENTATIONS

1. Rebecca Barboza, Environmental Scientist with the California State Department of Fish and Wildlife, spoke about the Mule Deer on the Island and the impact that feeding and watering them has. Feeding the deer regular human food contributes to their poor condition, they are herbivores.

CONSENT CALENDAR

There were four items on the Consent Calendar. Motion to approve Items 1-4 by Oley Olsen, seconded by Cinde Cassidy. (3 Ayes-Olsen, Cassidy and Marshall, 2 Absent-Hernandez and Sampson)

1. Actions
Approved actions from the October 18, 2016 regular City Council.
2. Authorization of Additional Expenditures for the Avalon Harbor Fueling Facility Replacement Project
 - 1) Authorized additional expenditures up to the amount of \$150,000 as additional contingency for unforeseen and additional costs on the Avalon Harbor Fueling Facility Replacement Project.
 - 2) Authorized the City Manager or his designee to approve change orders on the Project up to the contingency amount.
3. Approval of Fence Color for Mole Park Improvements Project
Approved the fencing color in black for the Mole Park Improvements Project.
4. Biosolids Conveyor and Main Bearing Maintenance for the Alfa Laval ALSYS G2-45 Biosolids Centrifuge Dewatering Skid System
Authorized the recommended preventive maintenance on the Alfa Laval Centrifuge Dewatering Skid System located at the Avalon Wastewater Treatment Facility, for a Not to Exceed cost of \$12,000.00.

GENERAL BUSINESS

5. Extension of Lease for Catalina Island Yacht Club (CIYC)
City Manager David Jinkens went through his report providing background information. After comments from the audience and Council discussion a consensus was reached.

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NOVEMBER 1, 2016
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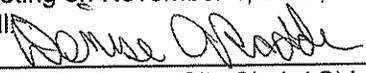
They directed staff to continue negotiations with the CIYC and prepare a lease extension agreement for ten years, with a (1) thirteen- year option, to expire in 2043. In addition, staff is directed to negotiate an increase in the rent and contribution amounts that will increase each year and a strengthened City/public use provision will be added. The lease will come back to City Council for their approval.

6. CPUC Request to Urge and Facilitate Support For City/SCE Cooperation on State Grant Application for Sustainable Year-Round Fresh Water Supply and for Immediate and Longer Term Relief from Drought Designation for Avalon Water Users
City Manager David Jinkens gave a summary of why this item was before the Council and what Staff was requesting. After much discussion a motion was made by Richard Hernandez and seconded by Oley Olsen to approve Staff recommendations : (All Ayes)
- 1) Directed the City Manager, in consultation with the City Attorney, to seek the help, support, and direction of the California Public Utilities Commission in the appropriate manner prescribed by the Commission to urge, support, provide advice and direction to Southern California Edison to cooperate with and fully support the City of Avalon's priority request to the State of California for grant funds to build fresh water storage, construct new salt water wells, and refurbish or replace existing salt water wells to create a sustainable year-round supply of fresh water to Avalon.
 - 2) Directed the City Manager and City Attorney to seek a revision to the SCE tariff to decouple drought designations for Avalon from the level of the Middle Ranch Reservoir to one based on fresh water availability in Avalon.
 - 3) Seek the assistance of the CPUC to urge SCE to agree to issue water rationing waivers for hotels and businesses in Avalon in accordance with flexibility they already have in their tariff in recognition of the current water supply available to Avalon customers.
Additionally it was added and noted in the motion to:
 - 4) Encourage Carollo engineers and SCE engineering contractors to work together and share their information.
 - 5) Directed Staff to meet in person with the CPUC in support of City initiatives.
7. Update Discussion and Possible Action to Approve the City Providing Fresh Potable Water to Avalon Residents During the Water Shortage
No formal direction was provided to Staff.

ADJOURN

Mayor Marshall adjourned the City Council meeting at 9:49 p.m.

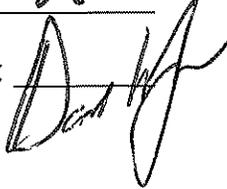
I, Denise Radde, City Clerk of the City of Avalon, do hereby certify that the DVD videotape of the City Council Meeting on November 1, 2016, is the official record of that Council Meeting and is on file and maintained in City Hall



Denise A. Radde, City Clerk / Chief Administrative Officer

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Finance
PREPARED BY: Robert Mescher, Finance Director
SUBJECT: Warrants

AGENDA ITEM: 2
CITY MANAGER: 

RECOMMENDED ACTION(S): Approve the total disbursements from October 12, 2016 to November 9, 2016 totaling \$1,486,068.35.

REPORT SUMMARY: These disbursements from October 12, 2016 to November 9, 2016 are comprised of warrants totaling \$890,201.25, two payrolls totaling \$447,904.09, and four electronic funds transfers totaling \$147,963.01.

US Bank Warrants #23331 - \$59.04 – October 12, 2016
US Bank Warrants #23332-23416 – October 21, 2016 - \$505,410.78
US Bank Warrant #23417-23420 – October 28, 2016 - \$31,893.44
US Bank Warrant #2421-23484 – November 4, 2016 - \$352,837.99
Payroll - \$222,557.47 – October 14, 2016
Payroll - \$225,346.62 – October 28, 2016
EFT – CalPERS Retirement - \$33,589.33 – October 14, 2016
EFT – Board of Equalization - \$2,634.00 – October 26, 2016
EFT – CALPERS Retirement - \$33,842.65 – November 1, 2016
EFT – CALPERS Health - \$77,897.03 – November 9, 2016

GOAL ALIGNMENT: Ongoing meeting of City obligations.

FISCAL IMPACTS: There are sufficient funds available, and the expenditures are included in the adopted FY 16-17 budget.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: N/A

FOLLOW UP ACTION: N/A

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: Audit Certificate and Warrant List

CITY OF AVALON
DISBURSEMENTS FOR MONTHS OF OCTOBER & NOVEMBER 2016
November 15, 2016

DESCRIPTION	AMOUNT	DATE
US BANK WARRANTS CK# 23331	\$ 59.04	10/12/2016
US BANK WARRANTS CK# 23332-23416	505,410.78	10/21/2016
US BANK WARRANT CK #23417-23420	31,893.44	10/28/2016
US BANK WARRANT CK# 23421-23484	352,837.99	11/4/2016
PAYROLL	222,557.47	10/14/2016
PAYROLL	225,346.62	10/28/2016
EFT - CALPERS RETIREMENT	33,589.33	10/14/2016
EFT - BOARD OF EQUALIZATION	2,634.00	10/26/2016
EFT - CALPERS RETIREMENT	33,842.65	11/1/2016
EFT - CALPERS HEALTH	77,897.03	11/9/2016
 TOTAL DISBURSEMENTS	 <u><u>\$ 1,486,068.35</u></u>	

CERTIFICATE

IN ACCORDANCE WITH SECTION 32702 OF THE GOVERNMENT CODE, I CERTIFY THAT THE ABOVE DEMANDS ARE ACCURATE AND THAT FUNDS ARE AVAILABLE FOR PAYMENT.

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.

APPROVED AND AUDITED
THIS 15TH DAY OF NOVEMBER 2016

AUDIT COMMITTEE - RICHARD HERNANDEZ

EXECUTED THIS 15TH DAY OF NOVEMBER 2016

AUDIT COMMITTEE - CINDE CASSIDY

FINANCE DIRECTOR - ROBERT MESCHER

AVALON CITY COUNCIL
MEETING OF NOVEMBER 15, 2016

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CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
23331	10/12/2016	59.04	CHET'S HARDWARE	SUPPLIES - PUBLIC WKS
23332	10/21/2016	26,439.61	AAA OIL, INC.	RESALE FUEL - FD
23333	10/21/2016	67.70	AIR SOURCE INDUSTRIES	SUPPLIES - FIRE
23334	10/21/2016	498.80	AMERIFLEX	FSA ADMIN FEES
23335	10/21/2016	614.10	ANTHEM BLUE CROSS	RETIREE INS. - NOV 2016
23336	10/21/2016	1,360.00	APCO INTERNATIONAL, INC.	SERVICE - FIRE
23337	10/21/2016	0.00	VOID - PRINTER ERROR	VOID - PRINTER ERROR
23338	10/21/2016	0.00	VOID - PRINTER ERROR	VOID - PRINTER ERROR
23339	10/21/2016	126,467.79	AVALON ENVIRONMENTAL	CONTRACT SVC - 10/16
23340	10/21/2016	134.55	AVALON FREIGHT SERVICES	FREIGHT - GARAGE
23341	10/21/2016	3,403.06	AVALON MOORING & DIVING	SERVICE - HARBOR
23342	10/21/2016	240.00	AVALON ROTARY CLUB	DUES - FINANCE
23343	10/21/2016	10,613.13	BEST, BEST & KRIEGER	CONTRACT SVCS - ADMIN/PL
23344	10/21/2016	3,355.50	BEYOND SOFTWARE SOLUTIONS	CONTRACT SVC - IT
23345	10/21/2016	3,220.97	BLUE TARP FINANCIAL	SUPPLIES - ALL DEPTS
23346	10/21/2016	1,343.34	BOUND TREE MEDICAL	SUPPLIES - FIRE
23347	10/21/2016	18.90	CALIF. BUILDING STANDARDS	QTRLY REPORTING - PLANNING
23348	10/21/2016	298.21	CAMPBELL, STEPHANIE	REIMB O/P COSTS - TRAINING
23349	10/21/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23350	10/21/2016	10,613.78	CATALINA BEVERAGE	SUPPLIES - ALL DEPTS
23351	10/21/2016	49.95	CATALINA BROADBAND SOLUTIONS	SERVICE - ALL DEPTS
23352	10/21/2016	4,805.00	CHAMBER OF COMMERCE	FOURTH OF JULY REIMBURSE
23352	10/21/2016	100,067.00	CHAMBER OF COMMERCE	TOT - NOVEMBER 2016
23353	10/21/2016	28,953.00	CATALINA EXPRESS	SUBSIDY - 2ND HLF 9/16
23354	10/21/2016	135.00	CATALINA ISLAND PLUMBING	SERVICE - HARBOR
23355	10/21/2016	208.00	CATALINA PEST CONTROL	SERVICE - HARBOR
23356	10/21/2016	248.94	CATALINA YAMAHA	SERVICE - GARAGE
23357	10/21/2016	2,830.27	CITY FABRICK	SUPPLIES - RECREATION
23358	10/21/2016	10,164.68	CO. OF LA SHERIFF'S DEPT.	RESIDENT DEPUTY - 9/16
23359	10/21/2016	425.00	CODED SYSTEMS	YRLY RENWAL FEES
23360	10/21/2016	4,680.00	CONSTRUCTORS PLUS	CONTRACT SVC - ADMIN
23361	10/21/2016	3,906.00	CONSTRUCTORS PLUS	CONTRACT SVC - ADMIN
23362	10/21/2016	447.79	DEREK GEORGE	REIM O/P COSTS - TRAVEL
23363	10/21/2016	277.00	DEWEY PEST CONTROL	SERVICE - ADMIN/HARBOR
23364	10/21/2016	41.08	DIV. OF ADMINISTRATIVE SERVICES	QTRLY REPORTING - PLANNING
23365	10/21/2016	460.00	DTSC	YRLY PERMIT FEES
23366	10/21/2016	0.00	VOID - PRINTER ERROR	VOID - PRINTER ERROR
23367	10/21/2016	118.06	EDD	QTRLY PAYMENT
23368	10/21/2016	2,044.33	GCR TIRES	SUPPLIES - GARAGE
23369	10/21/2016	535.30	ARIENS SPECIALTY BRANDS	SUPPLIES - PUBLIC WKS
23370	10/21/2016	1,100.00	GOVINVEST, INC.	SERVICE - FINANCE
23371	10/21/2016	304.62	GRAINGER	SUPPLIES - FIRE
23372	10/21/2016	612.51	HAAKER	SUPPLIES - PUBLIC WKS
23373	10/21/2016	300.00	HOFFMANN, EDWARD	SERVICE - ADMIN
23374	10/21/2016	823.44	HOME DEPOT CREDIT SVCS.	SUPPLIES - PUBLIC WKS
23375	10/21/2016	6,538.56	HOTEL METROPOLE	LODGING - LASD SUBSISTENCE
23376	10/21/2016	582.54	IDEXX DISTRIBUTION	SUPPLIES - CDO
23377	10/21/2016	113.50	ISLAND EXPRESS	FREIGHT - GARAGE
23378	10/21/2016	49.28	ISLAND THREADZ	UNIFORMS - CODE
23379	10/21/2016	926.83	JINKENS, DAVID	REIMB O/P COSTS
23380	10/21/2016	661.64	JUDICIAL DATA SYSTEMS	PARKING ACT. - 8/16

AVALON CITY COUNCIL
MEETING OF NOVEMBER 15, 2016

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CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
23381	10/21/2016	50.00	LEAGUE OF CALIF CITIES	CONFERENCE FEES
23382	10/21/2016	1,000.00	LONG BEACH COMMUNITY FOUND.	DONATION - KNABE
23383	10/21/2016	172.57	LA COUNTY TAX COLLECTOR	PROP TAX - ADMIN
23384	10/21/2016	61.19	MACKTAL, JOHN	SUPPLIES - GARAGE
23385	10/21/2016	19.09	MCDONALD, AUDRA	REIMB O/P COSTS - TRAVEL
23386	10/21/2016	467.60	MCMASTER-CARR	SUPPLIES - HARBOR
23387	10/21/2016	660.00	MR. NING'S	SENIOR MEALS - 9/16
23388	10/21/2016	3,355.00	ON THE WING FALCONRY, INC.	CONTRACT SVC - CDO
23389	10/21/2016	12,284.96	OUTDRIVE EXCHANGE	SUPPLIES - HARBOR
23390	10/21/2016	35,952.00	PARSAC	W/C ADJ. - ALL DEPTS
23391	10/21/2016	927.25	PEBBLY BEACH BUILDING SUPPLY	SUPPLIES - ALL DEPTS
23392	10/21/2016	132.52	PRAXAIR	SUPPLIES - GARAGE
23393	10/21/2016	54.00	QUEZADA, MATTHEW	REIMB O/P COSTS - TRAVEL
23394	10/21/2016	1,853.23	QUILL CORP.	SUPPLIES - ALL DEPTS
23395	10/21/2016	35,985.00	MICHAEL BAKER INTERNATIONAL	SERVICE - ADMIN/PLANNING
23396	10/21/2016	904.75	RICOH AMERICAS CORP.	COPIER LEASE - PLANNING
23397	10/21/2016	1,705.27	RICOH USA, INC	COPIER LEASE - PLANNING
23398	10/21/2016	482.80	ROBERT MESCHER	REIMB O/P COSTS - TRAINING
23399	10/21/2016	73.06	RUBIO, LUIS	REIMB O/P COSTS - TRAVEL
23400	10/21/2016	56.43	ALBERTSONS SAFEWAY	SUPPLIES - ADMIN
23401	10/21/2016	9,695.00	SIRIA'S CLEANING SERVICE	CONTRACT SVCS - 10/16
23402	10/21/2016	2,953.85	SOUTHERN COUNTIES LUBRICANTS	SUPPLIES - GARAGE
23403	10/21/2016	997.46	STANDARD LIFE INSURANCE	LIFE INSURANCE - 10/16
23404	10/21/2016	954.00	STATE OF CA FTB	TAX PAYMENT
23405	10/21/2016	2,257.09	SUNGARD PUBLIC SECTOR	SOFTWARE LEASE - FINANCE
23406	10/21/2016	1,200.00	TANGENT	SUPPLIES - IT
23407	10/21/2016	2,908.34	ULINE	SUPPLIES - PUBLIC WKS
23408	10/21/2016	13.11	UNITED PARCEL SERVICE	FREIGHT - PUBLIC WKS
23409	10/21/2016	10,885.00	VEGA, EDMUNDO	CONTRACT SVC - 11/16
23410	10/21/2016	812.42	VERIZON WIRELESS	COMMUNICATIONS - ALL DEPTS
23411	10/21/2016	89.28	WEST MARINE	SUPPLIES - GARAGE
23412	10/21/2016	26.78	WITMER PUBLIC SAFETY	SUPPLIES - FIRE
23413	10/21/2016	1,929.00	WITTMAN ENTERPRISES	SERVICE - FINANCE
23414	10/21/2016	4,911.00	WOIDZIK, CHRISTOPHER	CONTRACT SVC - FINANCE
23415	10/21/2016	8,012.79	ZEST CATERING & EVENTS	KNABE EVENT
23416	10/21/2016	470.18	NAPA AUTO PARTS	SUPPLIES - EBUS

\$ 505,469.82

AVALON CITY COUNCIL
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CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
23417	10/28/2016	510.00	ANTONIO'S	SENIOR MEALS - 9/16
23418	10/28/2016	1,911.78	AT & T	COMMUNICATIONS - ALL DEPTS
23419	10/28/2016	23.41	AT & T LONG DISTANCE	LONG DISTANCE - ALL DEPTS
23420	10/28/2016	29,448.25	EDISON	UTILITIES - ALL DEPTS
23421	11/4/2016	18,761.14	AAA OIL, INC.	RESALE FUEL - FUEL DOCK
23422	11/4/2016	249.90	AT & T MOBILITY	COMMUNICATIONS - HARBOR
23423	11/4/2016	751.01	AVALON BOAT STAND	SUPPLIES - GARAGE
23424	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23425	11/4/2016	1,535.25	AVALON FREIGHT SERVICES	FREIGHT - ALL DEPTS
23426	11/4/2016	190.20	A-Z LOGIC SYSTEMS	SUPPLIES - HARBOR
23427	11/4/2016	2,995.50	BEYOND SOFTWARE SOLUTIONS	CONTRACT SVC - IT
23428	11/4/2016	4,115.84	BORDIN MARTORELL, LLP	LITIGATION COSTS
23429	11/4/2016	426.87	CARUSO FORD	SUPPLIES - GARAGE
23430	11/4/2016	1,688.56	CATALINA BEVERAGE	SUPPLIES - ALL DEPTS
23431	11/4/2016	1,896.83	CATALINA BROADBAND SOLUTIONS	SERVICE - ALL DEPTS
23432	11/4/2016	56,900.00	CIMC	SALES TAX PASS THRU
23433	11/4/2016	100,000.00	CATALINA ISLAND MUSEUM	DEPOSIT RELEASE
23434	11/4/2016	325.00	CATALINA STEAM CLEANING	SERVICE - HARBOR
23435	11/4/2016	10,134.61	CHARLES ABBOTT ASSOCIATES	SERVICE - PLANNING
23435	11/4/2016	4,062.00	CHARLES ABBOTT ASSOCIATES	SERVICE - FOG PROGRAM
23436	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23437	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23438	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23439	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23440	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23441	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23442	11/4/2016	4,628.90	CHET'S HARDWARE	SUPPLIES - ALL DEPTS
23443	11/4/2016	3,582.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
23444	11/4/2016	4,680.00	CONSTRUCTORS PLUS	CONTRACT SVCS - ADMIN
23445	11/4/2016	742.93	DON MILLER & SONS	SUPPLIES - PUBLIC WKS
23446	11/4/2016	31.62	EDISON	PROPANE - PUBLIC WKS
23447	11/4/2016	90.35	ENNIS PAINT, INC.	SUPPLIES - PUBLIC WKS
23448	11/4/2016	291.49	FLICKINGER, WILLIAM	REIMB O/P COSTS - UNIFORMS
23449	11/4/2016	51,630.00	PLAYCORE WISCONSIN, INC.	SUPPLIES - MOLE PARK PROJ.
23450	11/4/2016	411.35	ARIENS SPECIALTY BRANDS	SUPPLIES - PUBLIC WKS
23451	11/4/2016	7,771.68	HARRY'S MARINE	SUPPLIES - HARBOR
23452	11/4/2016	1,670.23	HOME DEPOT CREDIT SERVICES	SUPPLIES - PUBLIC WKS
23453	11/4/2016	60.00	LUPO, KARLA	SERVICE - RECREATION
23454	11/4/2016	2,709.00	IDR ENVIRONMENTAL SERVICES	HHW DISPOSAL - GARAGE
23455	11/4/2016	1,474.52	INDUSTRIAL TIRE SERVICE	SUPPLIES - GARAGE
23456	11/4/2016	30.50	ISLAND EXPRESS	FREIGHT - GARAGE
23457	11/4/2016	164.25	ISLAND THREADZ	UNIFORMS - RECREATION
23458	11/4/2016	10,030.30	JORDAHL CONSTRUCTION	EMERGENCY RPR WK
23459	11/4/2016	750.00	KRUG, MICHAEL	REIMB O/P COSTS
23460	11/4/2016	70.00	LIEBERT CASSIDY WHITMORE	TRAINING - HR
23461	11/4/2016	8,772.00	LA COUNTY FIRE DEPT.	YRLY PERMIT FEES - ALL DEPT
23462	11/4/2016	2,106.41	MAID IN AVALON	CONTRACT SVC - 9/16
23462	11/4/2016	337.50	MAID IN AVALON	SERVICE - CITY HALL
23463	11/4/2016	872.97	MATTHEWS INTERNATIONAL	SUPPLIES - CEMETERY
23464	11/4/2016	35.37	MCDONALD, AUDRA	REIMB O/P COSTS

AVALON CITY COUNCIL
MEETING OF NOVEMBER 15, 2016

FY 17

CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
23465	11/4/2016	19.79	MCMASTER-CARR	SUPPLIES - HARBOR
23466	11/4/2016	405.48	MEYERS FOZI, LLP	LITIGATION COSTS
23467	11/4/2016	25.00	MONTANO, JUAN J.	REIMB O/P COSTS
23468	11/4/2016	633.36	OLSON, ADAM	REIMB O/P COSTS - UNIFORMS
23469	11/4/2016	5,368.00	ON THE WING FALCONRY, INC	CONTRACT SVC - CDO
23470	11/4/2016	1,310.10	OUTDRIVE EXCHANGE	SUPPLIES - HARBOR
23471	11/4/2016	4,375.72	PARSAC	SIR BALANCE - GIBSON
23472	11/4/2016	517.72	PEBBLY BEACH BUILDING SUPPLY	SUPPLIES - ALL DEPTS
23473	11/4/2016	100.00	PETTY CASH	PETTY CASH REIMBURSEMENT
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23475	11/4/2016	676.44	RICOH USA, INC.	COPIER LEASE - PLANNING
23476	11/4/2016	918.00	STATE OF CA FTB	TAX PAYMENT
23477	11/4/2016	600.00	STEIN, MARY	FALL FEST - RECREATION
23478	11/4/2016	2,307.94	ULINE	SUPPLIES - PUBLIC WKS
23479	11/4/2016	11.85	UNITED PARCEL SERVICE	FREIGHT - HARBOR
23480	11/4/2016	219.97	US BANK	CREDIT CARD CHGS ADMIN/HBR
23481	11/4/2016	299.85	VEGA, EDMUNDO	SUPPLIES - TRASH CONTRACT
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23484	11/4/2016	41.61	ZIM'S OF CATALINA	SERVICE - RECREATION
23240	11/4/2016	25,276.00	ARROYO INSURANCE SERVICES	PB INS. RENEWAL POLICY

\$ 384,731.43

AVALON CITY COUNCIL
MEETING OF NOVEMBER 15, 2016

FY 17

CHECK NUMBER	DATE ISSUED	AMOUNT	PAYEE	DESCRIPTION
23417	10/28/2016	510.00	ANTONIO'S	SENIOR MEALS - 9/16
23418	10/28/2016	1,911.78	AT & T	COMMUNICATIONS - ALL DEPTS
23419	10/28/2016	23.41	AT & T LONG DISTANCE	LONG DISTANCE - ALL DEPTS
23420	10/28/2016	29,448.25	EDISON	UTILITIES - ALL DEPTS
23421	11/4/2016	18,761.14	AAA OIL, INC.	RESALE FUEL - FUEL DOCK
23422	11/4/2016	249.90	AT & T MOBILITY	COMMUNICATIONS - HARBOR
23423	11/4/2016	751.01	AVALON BOAT STAND	SUPPLIES - GARAGE
23424	11/4/2016	0.00	VOID - MULTI STUB CHECK	VOID - MULTI STUB CHECK
23425	11/4/2016	1,535.25	AVALON FREIGHT SERVICES	FREIGHT - ALL DEPTS
23426	11/4/2016	190.20	A-Z LOGIC SYSTEMS	SUPPLIES - HARBOR
23427	11/4/2016	2,995.50	BEYOND SOFTWARE SOLUTIONS	CONTRACT SVC - IT
23428	11/4/2016	4,115.84	BORDIN MARTORELL, LLP	LITIGATION COSTS
23429	11/4/2016	426.87	CARUSO FORD	SUPPLIES - GARAGE
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AVALON CITY COUNCIL
MEETING OF NOVEMBER 15, 2016

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23240	11/4/2016	25,276.00	ARROYO INSURANCE SERVICES	PB INS. RENEWAL POLICY

\$ 384,731.43

CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Finance Department
PREPARED BY: Robert Mescher, Finance Director
SUBJECT:

AGENDA ITEM: 3
CITY MANAGER: 

Resolutions of the City Council of the City of Avalon Appointing an Alternate Director to the Public Agency Risk Sharing Authority of California (PARSAC) Board of Directors and California Transit Systems Joint Powers Authority (CaTIP)

RECOMMENDED ACTION(S): Adopt the attached resolutions authorizing the City Manager to serve as the Alternate Director to the Public Agency Risk Sharing Authority of California (PARSAC) Board of Directors and California Transit Systems Joint Powers Authority (CaTIP).

REPORT SUMMARY: The City of Avalon (City) is a member of the Public Agency Risk Sharing Authority of California (PARSAC), a statewide risk sharing Joint Powers Authority (JPA) and is also a member of California Transit Systems Joint Powers Authority (CaTIP). PARSAC exists for the purpose of providing its member agencies with comprehensive general liability coverage, workers' compensation, property insurance, special events insurance, and fidelity bonds. All members participate in proactive safety and loss control programs, with the common goals of reducing risks, minimizing losses, and controlling costs. CaTIP provides similar benefits to the City, but only for public transportation liability, which is excluded by PARSAC.

Each PARSAC and CaTIP member agency appoints a Director to the Board of Directors and appoints an Alternate Director, in the absence the Director. This allows each member agency input to direct and control the organization. The Members work towards common goals and objectives to minimize loss exposures, expand coverage, and, ultimately, reduce costs. The City's Finance Director and the City Manager currently serve as the Director and Alternate, respectively, to the PARSAC and CaTIP Board of Directors.

The Chief Administrative Officer/City Clerk is experienced with the City's past liability and workers' compensation claims. Therefore, Staff recommends the Chief Administrative Officer/City Clerk be named as the Alternate Director to the PARSAC and CaTIP Board of Directors, replacing the City Manager, who currently serves in this role.

FISCAL IMPACTS: None.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The City Manager would remain as the Alternate Director to the PARSAC and CalTIP Board of Directors.

FOLLOW UP ACTION: 1. Assuming adoption, the City Clerk will send certified copies of the resolutions to PARSAC and CalTIP's business offices so that they may be duly notified of this change

ADVERTISING, NOTICE AND PUBLIC CONTACT: The item was properly listed on the posted agenda.

ATTACHMENTS:

1. Resolution No. 16-__ A Resolution of the City Council of the City of Avalon Appointing an Alternate Director to the Public Agency Risk Sharing Authority of California (PARSAC) Board of Directors.
2. Resolution No. 16-__ A Resolution of the City Council of the City of Avalon Appointing an Alternate Director to the California Transit Systems Joint Powers Authority (CalTIP) Board of Directors.

City Manager Comments

As the City pushes forward with bold initiatives in a wide variety of areas, it is important in my view to share the responsibility of attending these out of office and off Island boards with other competent staff members. It is for this reason that I suggested that this change in membership take place. I also think that participation on these boards by the City Clerk will be a good professional growth experience for her.

The timing of this change is important because of upcoming Board meetings of PARSAC and Cal TIP in December.

DMJ

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AVALON
APPOINTING AN ALTERNATE DIRECTOR TO THE PUBLIC AGENCY RISK
SHARING AUTHORITY OF CALIFORNIA (PARSAC) BOARD OF DIRECTORS**

WHEREAS, the City of Avalon, (the "City") is a party to the Revised and Restated Joint Powers Agreement creating the Public Agency Risk Sharing Authority of California ("PARSAC"), dated May 26, 2011 (the "Joint Powers Agreement"), and, as such, is a Member Agency of PARSAC, as that term is defined in the Joint Powers Agreement, and

WHEREAS, pursuant to the Joint Powers Agreement, each Member Agency of PARSAC is required to appoint a Director and an Alternate Director to act in the Director's absence, to represent the City as if the City itself were present and acting on the PARSAC Board of Directors for all matters which come before such Board of Directors, and also for the Director to be eligible for serving on the PARSAC Executive Committee; and

WHEREAS, at the May 15, 2012 regular meeting of the Avalon City Council, through Resolution No. 12-12, The City previously appointed the Finance Director, or the successor in office, to serve as its Director on the PARSAC Board of Directors to act on behalf of the City, a Member Agency of PARSAC, on all matters to come before the Board of Directors, as if the City itself were present and acting at such meeting, and for such Director to be eligible for serving on the PARSAC Executive Committee; and

WHEREAS, at the May 6, 2014 regular meeting of the Avalon City Council, through Resolution No. 14-11, The City previously appointed the City Manager, or the successor in office, to serve as the Alternate Director in the absence of the Director; and

WHEREAS, the City now desires to replace the City Manager with the Chief Administrative Officer, or the successor in office, to serve as the Alternate Director in the absence of the Director.

RESOLVED FURTHER, that the City Clerk be instructed to inform the Secretary of PARSAC of the above appointment by sending a certified copy of this resolution to PARSAC's business office.

NOW, THEREFORE, the City Council of the City of Avalon hereby does determine, find and resolve as follows:

Section 1. That the City Clerk, or the successor in office, shall replace the City Manager as the Alternate Director to the PARSAC Board of Directors, and may serve in the absence of the Director.

Section 2. That the City Clerk shall send a certified copy of this resolution to PARSAC's business office so that PARSAC may be duly notified of this change.

Section 3. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 15th day of November, 2016.

Ayes:

Noes:

Absent:

Abstain:

Ann H. Marshall, Mayor

ATTEST:

Denise A. Radde, City Clerk

APPROVED AS TO FORM:

Scott Campbell
Best Best & Krieger, LLP

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AVALON
APPOINTING AN ALTERNATE DIRECTOR TO THE CALIFORNIA TRANSIT
SYSTEMS JOINT POWERS AUTHORITY (CAL TIP) BOARD OF DIRECTORS**

WHEREAS, on June 22, 2016, the City of Avalon, (the "City") entered into a joint powers agreement as a Member Agency with California Transit Systems Joint Powers Authority (hereinafter "CalTIP") for the purpose of jointly funding tort liabilities and other losses, and providing management services to reduce such losses of the City's public transportation operations; and

WHEREAS, pursuant to the agreement, each Member Agency of CalTIP is required to appoint a Director and an Alternate Director to act in the Director's absence, to represent the City as if the City itself were present and acting on the CalTIP Board of Directors for all matters which come before such Board of Directors, and also for the Director to be eligible for serving on the CalTIP Committees; and

WHEREAS, at the June 21, 2016 regular meeting of the Avalon City Council, through Resolution No. 16-18, The City appointed the Finance Director, or the successor in office, to serve as its Director on the CalTIP Board of Directors to act on behalf of the City; and appointed the City Manager, or the successor in office, to serve as the Alternate Director in the absence of the Director; and

WHEREAS, the City now desires to replace the City Manager with the Chief Administrative Officer, or the successor in office, to serve as the Alternate Director in the absence of the Director.

RESOLVED FURTHER, that the City Clerk be instructed to inform the Secretary of CalTIP of the above appointment by sending a certified copy of this resolution to CalTIP business office.

NOW, THEREFORE, the City Council of the City of Avalon hereby does determine, find and resolve as follows:

- Section 1.** That the City Clerk, or the successor in office, shall replace the City Manager as the Alternate Director to the CalTIP Board of Directors, and may serve in the absence of the Director.
- Section 2.** That the City Clerk shall send a certified copy of this resolution to CalTIP's business office so that CalTIP may be duly notified of this change.
- Section 3.** The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 15th day of November, 2016.

Ayes:

Noes:

Absent:

Abstain:

Ann H. Marshall, Mayor

ATTEST:

Denise A. Radde, City Clerk

APPROVED AS TO FORM:

Scott Campbell
Best Best & Krieger, LLP

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Finance Department
PREPARED BY: Robert Mescher, Finance Director
SUBJECT: Contract with HDR Inc. to Conduct a Sewer, Saltwater and Solid Waste Cost of Service Study

AGENDA ITEM: _____

CITY MANAGER: _____



RECOMMENDED ACTION(S): (1) Determine that the cost of service study can be procured more economically and efficiently without a formal request for proposal process, (2) Authorize the City Manager to contract with HDR Engineering, Inc. to conduct a sewer, saltwater and solid waste cost of service study for the City of Avalon for a cost not to exceed \$34,850, and (3) Authorize the City Manager to approve up to an additional \$5,000 (15%) for unforeseen expenses, if necessary.

REPORT SUMMARY: The City provides sewer, saltwater and solid waste services to its residents and businesses. At the June 7, 2016 City Council Meeting, the City Council adopted rates to ensure sufficient revenues were collected to continue providing the services. However, it has been more than ten years since a cost of service study (COS) was conducted. It is essential for a COS to be conducted periodically to ensure sufficient revenue is generated for the ongoing operation of the services and that the rate payers are allocated their fair share of fees for the services received.

The City Finance Director has previous experience working with Shawn Koorn of HDR Engineering, Inc. (HDR), who successfully conducted several service and rate studies for the electric and water utility district in Truckee California over the past nine years. HDR is exceptionally well-qualified to conduct this study for the City because it is nationally recognized for its expertise in utility rate and fee studies, and it has worked with a number of California Cities and utilities to review and cost-justify their rates in light of the recent court decision regarding Proposition 218 and San Juan Capistrano.

HDR was requested to identify goals and objectives for the City's COS and HDR identified the following:

- Develop the study using generally accepted rate methodologies and industry best management practices;
- Develop the study to reflect, and be compliant with, the requirements of Proposition 218 and the California Constitution Article XIII D;
- Develop a revenue requirement analysis for each service that reflects the City's historical and projected operating needs for a multi-year period and reflects the City's financial policies;
- Develop a funding plan for each service capital improvement plan (CIP) that provides adequate funding, while minimizing impacts to rates;

- Determine the impacts to rates and develop, as necessary, a rate transition plan for each service in order to adequately fund operating and capital needs over the projected time period;
- Develop a cost-of-service analysis to equitably allocate the costs between each service's customer classes of service;
- Develop average unit costs as part of the cost-of-service analysis to establish the cost basis of the proposed rates for each service;
- For each service, develop up to two alternative cost-based rate structures for each customer class of service that meet the City's rate design goals and objectives;
- Provide effective written and oral presentation of the results of this study; and
- Work closely with the City's project team to maximize the value of this study.

HDR has submitted a cost proposal (Attachment 1) which details the COS costs totaling \$34,850. The cost proposal is well below the \$60,000 provided in the FY16-17 Budget for the COS. Therefore, Staff requests that the City Council determine that publishing a formal request for proposal would not provide more economical or efficient results.

GOAL ALIGNMENT: Make the City's Prop 218 Funds healthy (sewer, salt water and trash).

FISCAL IMPACTS: HDR Engineering, Inc. proposes to conduct the cost of service study for approximately \$34,850. Staff also requests an additional spending contingency of up to \$5,000 (15%) for any unforeseen expenses while conducting the study. The FY16-17 Budget provides \$60,000 for the cost of service study in the Sewer, Salt, and Solid Waste Fund accounts 10725-5005, 11225-5005, and 13125-5005.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: It will become increasingly more difficult for the City to justify to the rate payers the annual fees for sewer, saltwater and solid waste services.

FOLLOW UP ACTION: See the *Project Time Schedule* in Attachment 1, page 16 (18).

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS:

1. HDR Proposal to Conduct a Sewer, Saltwater, and Solid Waste Cost of Service Study

City Manager Comments:

This professional service is important and needed to assure the City Council and our rate payers that the charges being levied and collected are apportioned fairly and equitably. DMJ



November 4, 2016

Mr. Bob Mescher
Finance Director
City of Avalon
410 Avalon Canyon Road
Avalon, California 90704

RE: Proposal to Conduct a Sewer, Saltwater, and Solid Waste Cost of Service Study

Dear Mr. Mescher:

HDR Engineering, Inc. (HDR) understands that it is a best management practice (BMP) to routinely review rates to confirm that they are cost-based and equitable. Given this, the City of Avalon (City) has requested technical and professional assistance from HDR Engineering Inc. (HDR) to develop cost-based and equitable sewer, saltwater, and solid waste rates.

Overall project management and quality control for the City's study will be provided by Shawn Koorn, an Associate Vice President at HDR. Shawn has completed rate studies for utilities across California and the U.S. The development of proposed rates must be clearly discussed, well documented, and follow generally accepted methodologies, in order to meet the requirements of Proposition 218 and the California constitution article XIII D, section 6 (Article XIII D).

HDR is exceptionally well qualified to conduct this study for the City for the following reasons:

- HDR is nationally recognized for its expertise in utility rate and fee studies.
- HDR's recently completed rate studies for the City of Belmont, City of Stockton, City of Woodland, Dublin San Ramon Services District, and City of Pleasanton position us to best understand the key financial planning and rate setting issues other similar utilities and the City are dealing with.
- HDR has worked with a number of utilities to review and cost-justify their rates in light of Proposition 218 and the *Capistrano* decision.

Attached please find our proposal to assist the City in the development of the sewer, saltwater, and solid waste cost of service study. We have provided a scope of work based upon our understanding of the City's needs. We are certainly willing to modify and adjust our scope of work to meet the goals and objectives for this study. Thank you again for the opportunity to provide our proposal to the City.

Sincerely,
HDR ENGINEERING, INC.

Kip D. Field.
Vice President

Shawn Koorn
Associate Vice President/Project Manager

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Appendix A – Project Team Resumes



1 Project Understanding and Approach

1.1 Introduction

The City has requested technical and professional assistance to independently assess and evaluate the City's sewer, saltwater, and solid waste rates by conducting a comprehensive cost of service study for each utility/service. This study is driven by the need to review current rate levels and the need to adequately fund future capital improvements, while at the same time, develop rates which are cost-based and reflective of recent court decisions that have placed an increased emphasis on the establishment and documentation of the rate setting process. The ultimate goal of this study is to provide adequate and sustainable funding for each utility's operation and maintenance (O&M) and capital needs, while developing rates that are stable, equitable, cost-based, and defensible.

A cost of service study combines skills and expertise in a number of different areas, including financial planning, engineering, cost allocation, rate setting, and public presentations. HDR has assembled a project team capable of addressing the needs of this study. This section of the proposal will provide an overview of our understanding of the City's goals and objectives and the proposed scope of services.

1.2 Study Goals and Objectives

Determining the City's goals and objectives for this rate study is an important starting point. By gaining an understanding of these goals and objectives, the scope of work can be tailored to the requested services. The primary goals of the study are to review and evaluate the City's current sewer, saltwater, and solid waste cost of service and rates, and establish rate structures that balance the short- and long-term needs of each utility. Based upon this, HDR has identified the following goals and objectives for the City's study:

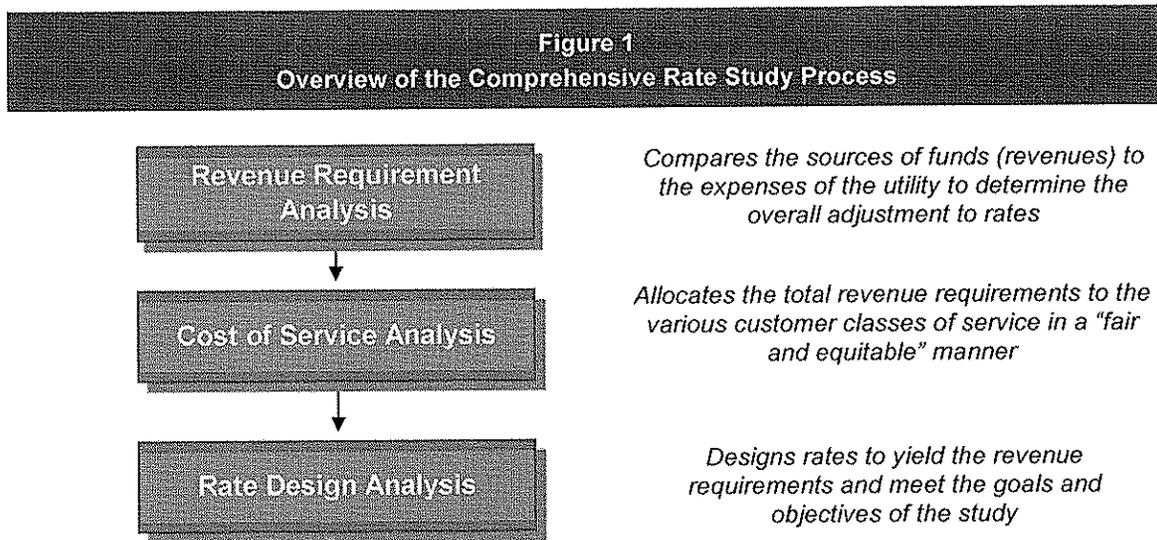
- Develop the study using generally accepted rate methodologies and industry best management practices [BMPs] (e.g., Water Environment Federation).
- Develop the study to reflect, and be compliant with, the requirements of Proposition 218 and the California Constitution Article XIII D.
- Develop a revenue requirement analysis for each utility/service that reflects the City's historical and projected operating needs for a multi-year period and reflects the City's financial policies (e.g., target reserve balances, debt service coverage ratios, renewal and replacement funding).
- Develop a funding plan for each utility/service capital improvement plan (CIP) that provides adequate funding, while minimizing impacts to rates.
- Determine the impacts to rates and develop, as necessary, a rate transition plan for each utility/service in order to adequately fund operating and capital needs over the projected time period.
- Develop a cost-of-service analysis to equitably allocate the costs between each utility's/service's customer classes of service (rate schedules).
- Develop average unit costs as part of the cost-of-service analysis to establish the cost basis of the proposed rates for each utility/service.
- For each utility, develop up to two (2) alternative cost-based rate structures for each

- customer class of service that meet the City's rate design goals and objectives.
- Provide effective written and oral presentation of the results of this study.
- Work closely with the City's project team to maximize the value of this study.

The above goals and objectives will be reviewed and discussed with the City at the start of the study.

1.3 Overview of the Study

In reviewing the City's sewer, saltwater, and solid waste rates, each utility will be reviewed on a "stand-alone" basis. That is, no subsidies from other City funds are assumed to fund the sewer, saltwater, or solid waste operational or capital costs. As a result, the study will establish cost-based rates to fully support each utility's/service's operating and capital needs. At the same time, the methodology HDR uses for its comprehensive rate studies relies upon "generally accepted" methodologies (e.g., Water Environment Federation [WEF] Manual of Practice [MOP] #27). A comprehensive rate study is generally comprised of the three interrelated analyses shown below in Figure 1.



While Figure 1 provides an overview of the typical components of a comprehensive rate study, an important aspect of this study is incorporating and "tailoring" those analytical elements to the City's specific customer characteristics and system operations. This provides the cost-basis and justification for proposed sewer, saltwater, and solid waste rates under Proposition 218 and the California Constitution Article XIII D. HDR's proposed scope of work will provide the deliverables necessary for the City to make prudent and sound financial and policy decisions.

Presenting the results of the study to the public and City Council is a critical juncture of any study. First and foremost, the proposed rates must be presented in a clear and concise manner, but they also must be justified in their need. Throughout this study, HDR will work closely with City staff to provide a high-quality study. HDR will routinely be in contact with City staff to review the technical analysis and gain feedback and input. HDR has successfully used this approach for many years to successfully complete cost of service studies for utilities across the

U.S.

1.4 Proposed Approach (Scope of Work)

For each task described below, HDR has attempted to identify the main objective of the task, along with the expected City staff support for the task and the task deliverables. The scope of work provided below is designed to provide a financially sustainable and cost-based rate plan for each utility/service. Unless otherwise noted, each task will be completed for the sewer, saltwater, and solid waste utility/service and the tasks will be completed concurrently.

Task 1—Project Management

Task Objective: *Manage the overall cost of service study in accordance with the schedule, budget, and quality expectations established.*

To provide the cost of service study in a timely manner, and within the stated budget, HDR will provide a monthly progress report and invoice that discusses the progress of the study, identifies any issues or concerns, and provide a status of the budget compared to the overall study progress. The HDR Project Manager will hold monthly conference calls with the City's Project Manager to discuss the status of the study.

Expected City Staff Support for Task 1:

- Participate in monthly conference calls to discuss the overall project schedule and budget status.

Deliverables as a Result of Task 1:

- Monthly progress reporting, invoice, and budget status updates.
- Monthly conference calls with the City's Project Manager to discuss schedule and budget status.

Task 2—Initial Project (Kick-Off) Meeting

Task Objective: *Bring HDR and the City project team together at the start of the project to provide the opportunity for both parties to have a mutual understanding of the goals, objectives, and concerns related to the study.*

The initial project "kick-off" meeting for the cost of service study is important to the overall success of this engagement since it forms the foundation for the rate study process. This meeting allows both parties to discuss the overall goals and objectives for this study while also discussing any issues and concerns that either party may have. To help minimize overall project costs, it is proposed that the initial project meeting be a one hour conference call with the City project team.

Expected City Staff Support for Task 2:

- Have City project team members attend a one hour planning meeting (conference call).

Deliverables as a Result of Task 2:

- Identification of objectives, issues and concerns by both parties.
- One-hour conference call at the start of the project.

Task 3—Data Collection and Review

Task Objective: *Review and assess the City's existing sewer, saltwater, and solid waste data,*



and provide a written data request detailing the data required to complete each cost of service/rate study.

The initial written data request provides a detailed written list of the data and information required to conduct the City's cost of service study. HDR will provide a written data request to the City prior to the initial project meeting so that it can be discussed at the meeting and any problem areas quickly resolved.

Expected City Staff Support for Task 3:

- Gather the data requested from the written data request provided by HDR.

Deliverables as a Result of Task 3:

- An initial written data request to the City.
- Identification of any data constraints.

Task 4—Revenue Requirement Analyses

Task Objective: *Using a generally-accepted rate-setting methodology, develop a sewer, saltwater, and solid waste revenue requirement analysis. Develop the revenue requirements for each utility for a projected five-year time period taking into consideration the various capital funding options. The revenue requirement analysis will result in a financial plan and rate strategy to adequately fund operations and capital needs for each utility.*

The development of the revenue requirement analysis is the first major analytical portion of the cost of service study process. This portion of the study entails reviewing the various sources of funds (revenues) and comparing them to the applications of funds (expenses) of each utility/service, while considering the prudent and proper funding for O&M and capital expenditures. The revenue requirement analysis determines, for each utility, the need for any future rate adjustments. A more detailed discussion of the various steps involved in developing the revenue requirement analysis, for each utility, is provided below.

STEP 1 – SELECTION OF A TEST PERIOD – The first step in the development of the revenue requirements is the selection of a “test period”. A “test period” refers to a time frame of reference for the accumulation of revenues, expenses and consumption data. In this case, a projected five-year (e.g., FY 2017/18 – FY 2021/22) time period is recommended.

STEP 2 – METHOD OF ACCUMULATING COSTS – Once the “test period” has been determined, the next decision is to determine the basis or method of accumulating costs. Municipal utilities, such as the City, generally use the “cash basis” methodology which is composed of O&M, taxes, debt service and capital improvements funded from rates. The study methodology will be discussed with the City project team during the initial kick-off meeting to determine the appropriate methodology.

STEP 3 – ACCUMULATION OF REVENUES AND EXPENSES – Once the test period and method of accumulating costs has been determined, HDR in conjunction with the City project team will develop the test period revenue requirements for each utility.

The first step in the revenue requirement analysis is the projection of revenues, at present rate levels. This entails developing a projection of the number of customers and units of consumption for each type of service (e.g., sewer, saltwater, solid waste). The City has an existing data base detailing the projection of revenues by utility and customer type for FY 16/17. This data will be used to develop a projection of revenues for the projected time period.



Next, the projection of operation and maintenance (O&M) expenses, for each utility, will be developed for the projected time period. The revenue requirements are composed of two major types of costs; operational and capital expenses. Operational costs are generally projected from budgeted costs, using assumed escalation factors, and adjusted for any known changes (e.g., additional personnel, growth/expansion.). In the development of the O&M projections, any changes in operations are also taken into account (e.g., electricity, staffing). While the projection of the operational costs is fairly straightforward, the capital cost projections are generally the focus of the analysis, and require more thought and planning.

The starting point for projecting capital costs (expenditures) will be the City's capital improvement plan (CIP) for each utility. In the financial planning process, consideration must be given to maximizing the capital expenditures, while minimizing rates. This is accomplished in a variety of ways. However, the most important aspect of this discussion is that there are multiple methods of financing capital expenditures, and it is through this process that rates can be minimized. Table 1-1 provides an overview of the general approach that can be used to develop a capital funding plan for each utility within the revenue requirement analysis.

Table 1-1
Overview of the General Methodology For Reviewing
the Financing of Capital Project Expenses

+	Total Capital Projects –
✓	Replacement and Refurbishment Capital Projects
✓	Legally Mandated Capital Projects (as applicable)
✓	System Growth and Expansion Capital Projects
–	Outside Funding Sources –
✓	Capital Reserves
✓	Grants
✓	Low-Interest Loans (State and/or Federal) (as available)
✓	Connection Fees/Contributed Capital (as applicable)
✓	<u>Borrowed Funds/Long Term Debt (e.g. Revenue Bond)</u>
=	Capital Projects Financed with Rate Revenues (≥ Deprec. Exp.)

The basic framework shown in Table 1-1 is developed, for each utility, on a year-by-year basis within the revenue requirement analysis. In summary, the general approach is to list the annual capital projects, and then determine the various outside funding sources for each of the projects. The balance of projects not funded by the available sources of funds must be financed from a combination of long-term debt and rates. It is the balancing of the use of long-term debt to the impact upon rates, which is critical to the analysis.

As part of the development of the sewer, saltwater, and solid waste revenue requirements, HDR will work with the City project team to review key financial criteria. These are items such as target minimum reserve fund balances, sufficient funding of annual renewal and replacement funding through rates, and debt service coverage (DSC) ratios, if applicable. Meeting these key financial planning criteria is a major step towards the long-term sustainability of each utility.

Expected City Staff Support for Task 4:

- Provide “as needed” assistance, via email and telephone, to explain the City’s data and information as it relates to developing the sewer, saltwater, and solid waste revenue requirements.
- Provide “as needed” data refinements or additional data needs as determined during the process of developing the sewer, saltwater, and solid waste revenue requirements.
- Attend a half-day project meeting to review the draft sewer, saltwater, and solid waste revenue requirement analyses.

Deliverables as a Result of Task 4:

- A half-day meeting to review the draft sewer, saltwater, and solid waste revenue requirement analyses.
- A sewer, saltwater, and solid waste revenue requirement analysis for a projected 5-year period that considers the necessary operating and capital needs of each utility/service.
- A capital financing plan within the sewer, saltwater, and solid waste revenue requirement analyses, utilizing each utility’s capital improvement plan (CIP), which attempts to maximize capital expenditures, while minimizing the impacts to customers over time.
- If needed, a transition plan to “phase in” any needed sewer, saltwater, and solid waste rate adjustments.
- Recommendations regarding key financial indicators (e.g., debt service coverage, capital replacement, reserve levels).

Task 5—Cost of Service Analyses

Task Objective: *Develop sewer, saltwater, and solid waste cost of service analysis to equitably allocate the revenue requirements to the customers served by each utility. Develop a methodology that equitably allocates the costs to customers, while considering the varying levels of service (e.g., residential, hotel, commercial).*

Given the results of the revenue requirement analysis for each utility/service, the total costs (i.e., revenue requirements) of each utility will be allocated to the various customer classes of service using an average embedded cost of service methodology. The particular task, the cost-of-service analysis, has taken on a higher level of importance given the legal constraints regarding Proposition 218. At its very core, Proposition 218 requires a utility to establish cost-based rates for the services provided. This task is designed to specifically address this legal requirement. A brief discussion of the major steps associated with the cost of service analysis, for each utility, is provided below.

STEP 1 – SELECTION OF TEST PERIOD – The first step of a cost of service analysis is to select a time period for the allocation of costs. In the City’s case, allocating each utility’s FY 17/18 revenue requirements would appear to be appropriate. During the initial project kick-off meeting (Task 2), HDR will confirm the use of this test period with the City.

STEP 2 – SELECTION OF THE METHOD TO ACCUMULATE COSTS – Much like the discussion of revenue requirements, municipal utilities generally allocate costs using a “cash basis” methodology. This method links directly to the revenue requirements developed in the prior task and appears to be the most appropriate methodology. During the initial project kick-off meeting (Task 2), HDR will confirm the use of this methodology with the City.

STEP 3 – FUNCTIONALIZATION AND CLASSIFICATION OF EXPENSES – The next step in the cost of service analysis is to functionalize the data. Functionalization refers to the arrangement of cost data into its basic cost categories. For the sewer utility these typically take the form of collection, pumping and treatment. For the saltwater utility it would appear to be distribution and pumping. Solid waste services are typically functionalized based on collection and disposal. This task can be simplified greatly through the City’s use of a uniform system of accounts. Given the functionalization of the costs, they are then classified to their various cost components. Classification for the sewer utility involves determining whether each specific cost or account item was incurred to meet a consumer’s volume (flow), strength, and/or customer-related need. The saltwater utility is a unique utility and the classification of costs will likely be related to the total volume of usage, fire protection and the number of customers served. Solid waste is typically classified as being related to the total tonnage and number of pick-ups. Classification for each cost of service study will be based upon “generally accepted” cost of service techniques and the City’s specific facilities and customer usage characteristics.

STEP 4 – DETERMINATION OF CLASSES OF SERVICE – Development of the cost of service begins with determining the classes of service (i.e., rate schedules) that will be used for purposes of establishing cost allocations and rates. The process of establishing classes of service is to group customers into homogeneous groups. That is, customers with similar usage and/or facility requirements.

As a part of this task, HDR will work with the City to review the customer classes of service within each cost of service analysis. HDR anticipates that the customer classes of service will reflect the current rate schedules.

STEP 5 – ALLOCATION OF EXPENSES – The next analytical process involved in the cost of service study is the allocation of the classified expenses to each of the customer classes of service. Once the classes of service have been determined, the process of developing allocation factors is undertaken. In developing the allocation factors, HDR will develop factors that are “equitable” to all customers, and which rely upon City specific data.

STEP 5 – SUMMARY OF THE COST OF SERVICE – Given the development of all the allocation factors, a summary page of the cost of service study can be developed. The summary page for the cost of service study compares the difference between the current level of rate revenues received from each class of service, and the allocated cost of service for each class.

The cost of service will also provide average unit costs, or cost-based rates, for each customer class service. Average unit costs are important in that they are used as the starting point for the development of final rate designs. Average unit costs provide the City with an understanding of the cost/rate relationship between fixed and variable costs. From this cost-based information, it can be combined with the City’s rate design goals and objectives to produce the final proposed sewer, saltwater, and solid waste rates for the City.

Expected City Staff Support for Task 5:

- Attend a half-day project meeting to review the findings and results of the draft sewer, saltwater, and solid waste cost of service analysis.
- Provide any “as needed” data refinements or additional data needs as determined during the process of developing the sewer, saltwater, and solid waste cost of service analysis.

Deliverables as a Result of Task 5:

- Review of the current sewer, saltwater, and solid waste customer classes of service and determine any revisions for cost allocation purposes.



- An equitable allocation of the sewer, saltwater, and solid waste revenue requirements to the various classes of service for the City's sewer, saltwater, and solid waste systems.
- A sewer, saltwater, and solid waste cost of service allocation method that recognizes the various service levels of the City's customers.
- A summary of the average unit costs (cost-based rates) for the various sewer, saltwater, and solid waste customer classes of service.
- A half-day meeting to review the sewer, saltwater, and solid waste cost of service analysis.

Task 6—Rate Design Analyses

Task Objective: *Develop sewer, saltwater, and solid waste rate design options utilizing the cost information developed as a part of the previous tasks. Consider alternative rate structures that are contemporary, cost-based, defensible, and meet the specific rate design objectives of the City.*

An important starting point for the rate design process is understanding the City's sewer, saltwater, and solid waste rate design goals and objectives. These objectives may include ease of administration, simplicity, revenue stability, and other goals and objectives. Understanding the City's rate design objectives will assist HDR in the development of the sewer, saltwater, and solid waste rate design alternatives.

As a part of this task, the City's present sewer, saltwater, and solid waste rate designs will be reviewed to ensure that they conform to contemporary rate-setting goals and objectives. Currently the City charges all customers a flat annual fee through the property tax rolls. Solid waste services also include grease removal which is related to the sewer utility and impacts fats, oils, and grease (FOG) can have on the sewer system. One rate structure alternative can be provided for each customer class of service, and utility, based on the results of the cost of service results. For each rate design, a bill comparison and graph will be provided that shows a comparison between the present bill and the proposed bill. Bill comparisons are useful in assessing the potential impacts to the different customers.

Expected City Staff Support for Task 6:

- Discuss with HDR the City's sewer, saltwater, and solid waste rate design goals and objectives.
- Review and comment on the sewer, saltwater, and solid waste rate design alternatives for appropriateness.

Deliverables as a Result of Task 6a:

- Review of the City's current sewer, saltwater, and solid waste rate structures.
- Develop one (1) sewer, saltwater, and solid waste rate design alternatives for each customer class of service.
- Bill comparisons and graphs for the rate design alternatives will be provided.

Task 7—Written Documentation

Task Objective: *Provide written documentation to summarize the findings, conclusions and recommendations of the sewer, saltwater, and solid waste cost of service study.*

Upon completion of the sewer, saltwater, and solid waste cost of service study, HDR will develop an electronic draft written report. A report will be developed for each utility separately and is intended to be comprehensive in nature and document the activities undertaken as a part

of the project, along with our findings, conclusions and recommendations to establish the administrative record for the proposed sewer, saltwater, and solid waste rates. Within each report, HDR will provide a technical appendix of all the technical analyses undertaken. HDR will provide an electronic copy of each draft final report to the City for review and comment. Any comments, suggestions or corrections from the City concerning the draft final reports will be incorporated into the final reports. Three (3) bound copies and an electronic copy of the final sewer, saltwater, and solid waste reports will be provided to the City.

Expected City Staff Support for Task 7:

- Review and comment on the draft written reports.

Deliverables as a Result of Task 7:

- An electronic copy of the draft reports.
- Up to three (3) bound copies of the sewer, saltwater, and solid waste final reports.
- An electronic copy (PDF) of the final sewer, saltwater, and solid waste reports.

Task 8—Public Presentations

Task Objective: *Provide effective public presentations of the findings, results, and recommendations of the sewer, saltwater, and solid waste cost of service study.*

The overall quality and value of a rate study is often measured by the quality of the public presentation process. In addition, the ability of the consultant to present this technical material in a manner that is easily understandable to the City Council and public is paramount. For planning purposes, HDR has assumed attendance up to two (2) public presentations or workshops to present the findings, conclusions and recommendations of this study. Given our experience, HDR would recommend the following meetings for the City to consider:

- Meeting 1 – Council presentation on the final study recommendations and set the Proposition 218 hearing date.
- Meeting 2 – Public (Prop. 218) hearing on the proposed sewer, saltwater, and solid waste rates.

HDR will develop all presentation materials for the public meetings and the HDR Project Manager will attend all public meetings. Any meetings beyond the two proposed meetings will be provided on a time and material basis.

Expected City Staff Support for Task 8:

- Schedule and coordinate meeting dates and materials for the public presentations.
- Review and comment on any proposed handouts for public meetings.

Deliverables as a Result of Task 8:

- Provide presentation materials (e.g., handouts).
- Up to two (2) public presentations of the study's findings and recommendations.

Task 9—Computer Models

Task Objective: *Provide a copy of all sewer, saltwater, and solid waste rate models developed as part of this study.*

The financial/rate models developed for the City as a part of this study will be provided at the end of the study. The models will be developed using Microsoft Excel.



Expected City Staff Support for Task 9:

- None

Deliverables as a Result of Task 9:

- An electronic copy of the sewer, saltwater, and solid waste utility spreadsheet models used to develop the City's studies.

1.5 Summary

This concludes HDR's approach and proposed scope of work for this City's sewer, saltwater, and solid waste cost of service study. HDR is willing to adjust our proposed scope of work to meet the specific needs of the City. Our scope of work has been developed based upon our understanding of the City's sewer, saltwater, and solid waste cost of service study needs.

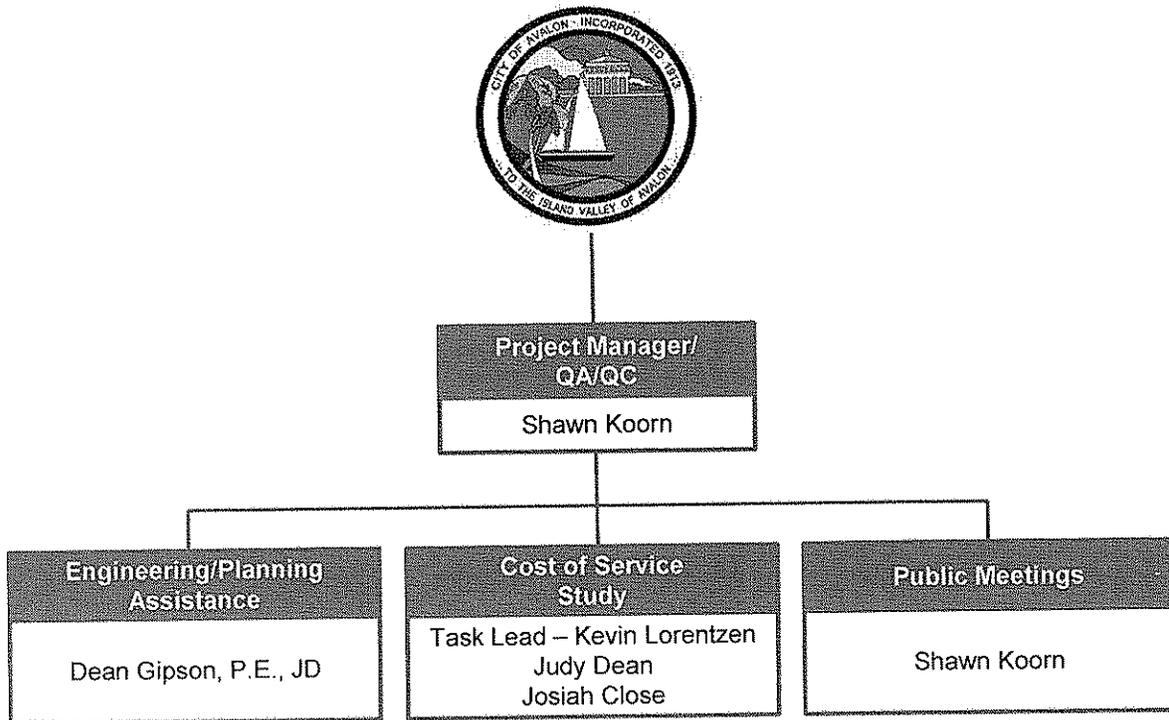
2 Project Team

2.1 Introduction

HDR has an established and highly experienced Utility Rates and Finance Group. Our Rates and Finance group provides the technical expertise needed to deliver high quality rate/fee studies to utilities across the U.S. and Canada. The individuals to be assigned to the City's study are nationally recognized experts in utility financial planning and rate making. This section of our proposal discusses our project team organization, key project team members, and their role in the City's study.

2.2 Project Team Organization

Provided below is the proposed organizational chart for the City's study. No subconsultants are needed for this study.



HDR proposes a compact but highly experienced team of individuals for the City's study. By using a compact project team, the study can be more efficiently developed and not spread across multiple individuals, creating communication and quality control issues. At the same time, HDR's proposed project team has worked together for over 10 years on cost of service studies.

2.3 Key Project Team Members

Provided below is a brief discussion of HDR's key project team members, their role within the

study, and their experience and expertise as it relates specifically to this project.

Shawn Koorn – *Project Manager/Quality Control*



- More than 16 years of experience in utility rate setting.
- Recognized expert in the area of cost-of-service and rate design for utility rates.
- Worked extensively with utilities in California on water, wastewater, and solid waste rates and the Prop. 218 processes.
- Co-instructor for the AWWA Financial Management seminar.
- Contributing author to the AWWA M-54 manual, *Developing Rates for Small Systems*.

Kevin Lorentzen – *Senior Financial Analyst/Task Lead*



- More than 11 years of industry experience.
- Previously worked in the City of Bellevue, Washington Finance Department as the lead forecaster.
- Expert in developing utility rate models for future use by utility staff.
- Completed similar analyses for the South Tahoe Public Utilities District (PUD), Truckee Donner PUD, and Tahoe City PUD.
- Co-presented forecasting methods at the GFOA forecasting seminar.

Judy Dean – *Senior Financial Analyst*



- Washington State Certified Public Accountant – Inactive
- More than 20 years of experience in utility financial planning and rate setting.
- Developed rate and fee analyses for several water, sewer, stormwater, and solid waste utilities.
- Recently completed the City of Belmont, California sewer and solid waste cost of service study and rate designs.
- Prior to joining HDR, worked for the City of Kennewick, WA as a Finance Department Accountant.

Dean Gipson – *Local Liaison/Engineering Assistance*



- More than 25 years of industry experience.
- Extensive experience in utility infrastructure master planning, budget development, planning, design, capital improvement, and project prioritization.
- Leads HDR's Utility management Services Southern California Region and group.
- Effectively worked with the rate study project team on several recent cost of service studies for Padre Dam Municipal Water District, Lake Arrowhead CSD, and Otay Water District.

Josiah Close – *Financial Analyst*



- Four years of experience in developing rate models for water, wastewater and stormwater systems.
- Assisted in the development of the recent wastewater winter water average and water rate structure reviews designed to comply with Proposition 218 and Capistrano decision.
- Conducted rate analyses and modeling for the City of Stockton (water), City of Woodland, (water and sewer), Sacramento Suburban Water District (water), Las Gallinas Valley Sanitary District (sewer), and Lake Arrowhead CSD (water and sewer).

Should any other individuals be required for the City's study, HDR has a number of qualified individuals available to meet any specific technical need associated with this study. The staff described above will be dedicated to the City's study until the successful completion of the study. More detailed resumes for the project team members are included in Appendix A.

3 Example Projects and References

3.1 Introduction

While no two projects are ever the same, HDR believes the following list of projects and clients demonstrates our ability to successfully complete the City's rate study.

3.2 Past Projects and References

Provided below is a listing of similar projects recently completed by HDR and the key project team members who were a part of the study.

City of Belmont

HDR recently completed a sewer and solid waste rate study for the City of Belmont. The solid waste rate study reviewed the collection and disposal costs and resulting rate adjustments provided by Recology. HDR reviewed the projection of costs as provided by the contract between the City and Recology. Final proposed rates were developed that reflected the cost of collection and disposal and were adopted by the City Council. The

sewer rate study was developed to assist the City in the issuance of long-term debt to fund deferred capital improvements to improve the system. The study projected operating and capital costs over a 10-year period to develop a projection of rates to support the annual debt service payments and operating and capital cost. Rates were adopted by the City Council based on HDR's recommendations.

Ms. Leticia Alvarez
Assistant Public Works
Director/City Engineer
City of Belmont
650.595.7469
lalvarez@belmont.gov

City of Belmont Key Project Team Members: Shawn Koorn, Josiah Close, and Judy Dean

City of Stockton Municipal Utilities Department

Mr. Robert Granberg
Deputy Director
City of Stockton, Municipal Utilities
Department
209.937.8779
robert.granberg@stocktongov.com

HDR completed comprehensive water (2016) and sewer (2012) rate studies for the City of Stockton Municipal Utilities Department. A key aspect of the water rate study was a review of rate structure alternatives to meet recent legal decisions and the interpretation of the requirements of Proposition 218. HDR developed the cost basis for the tiered water rate structure alternatives and

worked closely with the City to develop an internal and external outreach and education plan to gain acceptance and adoption of the proposed rates. The study also included the development of drought rates, which can be implemented during periods of drought to maintain the adequacy of water utility revenues during times of voluntary and/or mandatory reductions in consumption. A key element of both studies was the development of a capital funding plan to prudently fund renewal and replacement projects, and working with the City's financial advisor to review and update long-term debt obligations.

City of Stockton Key Project Team Members: Shawn Koorn, Judy Dean, Kevin Lorentzen, and Josiah Close,



Dublin San Ramon Services District

Over the years, HDR has worked extensively with the Dublin San Ramon Services District (District) on water and sewer financial planning and rate design issues. Most recently, HDR developed water capacity fees, or growth-related fees, based on the District's recently updated master plan. Prior to that, in 2012, HDR assisted the District with an update of its water and sewer rate structures, with a focus on revenue stability, fixed charges, and alternative rate structures. Like other utilities, the District has seen a decline in per capita consumptive use. HDR also developed drought surcharges to reflect and link to the District's drought plan and drought stages. In the plan, there are specified or targeted savings at each stage of the drought, along with the potential incremental costs associated with meeting the water supply requirements of the drought stage. HDR worked with the District to implement the conservation-oriented rate structures and drought surcharges.

Mr. John Archer
Interim General Manager
Dublin San Ramon Services
District
925.875.2271
archer@dsrsd.com

DSRSD Key Project Team Members: Shawn Koorn, Judy Dean, and Josiah Close

Otay Water District

Mr. Kevin Koeppen
Finance Manager
Otay Water District
619.670.2222
kevin.koeppen@otaywater.gov

Earlier this year, HDR reviewed the District's tiered water rates, which were developed by another outside consultant. As a part of that review, HDR updated the District's cost-of-service study to allocate costs to pricing tiers. As a part of the study, HDR also reviewed the individual customer usage characteristics to determine peaking factors by pricing tiers. Based upon

the results of that study, HDR has been retained to develop a more comprehensive review of the District's water rates and review their water rate structures. Prior to that study, in 2013, HDR reviewed and updated the District's capacity and annexation fees. Earlier this year, HDR also was retained to update the same fees for the District's revised capital and master plan.

Otay Water District Key Project Team Members: Judy Dean, Shawn Koorn, Josiah Close, and, Dean Gipson

3.3 Summary

The above project examples, and references, provide insight into HDR's ability to successfully complete the City's project and provide cost-based and equitable rates. If the City requires additional project examples or references, HDR will gladly provide them.

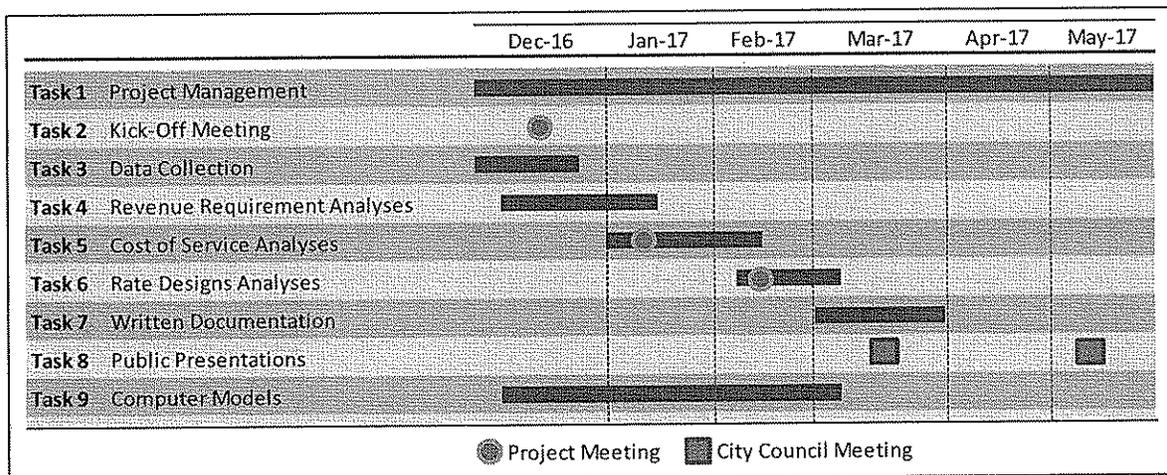
4 Schedule and Fee Estimate

4.1 Introduction

The City has requested the development of a sewer, saltwater, and solid waste cost of service study. Provided within this section of our proposal is the estimated project time schedule and fees. HDR is willing to work with the City to establish a final schedule and fees based upon a final scope of services.

4.2 Project Time Schedule

HDR has developed a project time schedule for the proposed sewer, saltwater, and solid waste cost of service study. A rate study of this complexity generally requires 16 to 24 weeks to complete, depending upon a number of factors. These factors include the amount of time required by the City to collect the necessary data, the quality of the data provided, the ability to schedule meetings with City staff in a timely manner, and most importantly receiving policy direction from the City team and/or City Council. Additionally, sufficient time needs to be included to meet the noticing and hearing requirements of Proposition 218. Provided below is the proposed time schedule for the City's study.



While HDR has provided a proposed project schedule, we will work with the City to finalize the schedule, and then work closely with the City's Project Manager to meet the time schedule. This proposed schedule can be adjusted to meet the City's needs.

4.3 Project Fee Estimate

Provided below is the development of the proposed project fees for the sewer, saltwater, and solid waste cost of service study based on the previously provided scope of services.

Hourly Rate Schedule:

The proposed hourly rates, per labor category, will be in effect for the course of the study, or through December 2017.

October 2016 through December 2017

Project Manager	\$250.00/hour
Local Liaison/Engineering	\$295.00/hour
Sr. Financial Analyst/Task Lead	\$190.00/hour
Sr. Financial Analyst	\$175.00/hour
Financial Analyst	\$115.00/hour
Accounting/Admin	\$135.00/hour

Expenses:

In-House Expenses

Vehicle Mileage	Current Federal Travel Regulation (FTR)
Black/white Photocopies (per copy)	\$0.05 to \$0.09
Color Copies (per copy)	\$0.15 to \$0.30

HDR does not have a markup on expenses. All direct expenses (e.g., parking, mileage, airfare) are billed at cost.

Fee Estimate:

Provided below is the estimated total project fees for the City's sewer, saltwater, and solid waste cost of service study. The estimated fees have been broken down by task, as identified in the previous section of the proposal, and include the burdened labor rates by identified staff, as well as other direct costs (expenses) anticipated for the cost of service study. A summary of the total estimated fees are as follows:

Summary of Estimated Fee	
2016 Sewer, Saltwater, and Solid waste Cost of Service Study	
	Total
Labor	
Task 1 – Project Management	\$2,850
Task 2 – Initial Project (Kick-Off) Meeting	975
Task 3 – Data Collection	1,190
Task 4 – Revenue Requirement Analyses	7,180
Task 5 – Cost of Service Analyses	9,060
Task 6 – Rate Design Analyses	3,950
Task 7 – Written Documentation	3,990
Task 8 – Public Presentations	2,960
Task 9 – Computer Models	<u>0</u>
Grand Total Labor	\$32,155
Expenses	
Total Expenses (Miles, Airfare, Printing, etc.)	<u>\$2,695</u>
Grand Total "Not to Exceed" Fees	\$34,850



HDR is willing to negotiate a final estimated total fee based on a final scope of work. Portions of the estimated fee can be expanded or reduced in conformance with scope adjustments and as mutually agreed upon in writing by the City and HDR. Provided below is a detailed project fee estimate for the services requested by the City.

City of Avalon Sewer, Saltwater, and Solid Waste Cost of Service Study Level of Effort by Task and Project Team Member								
Task	Task Description	PM/QC	Local Liaison Engineering	Task Lead	Senior Analyst	Financial Analyst	Acct. /Admin.	Total Project
Hourly Billing Rates		\$250	\$295	\$190	\$175	\$115	\$135	
1	Project Management							
	Hours -	6	0	0	0	0	10	16
	Labor Cost	\$1,500	\$0	\$0	\$0	\$0	\$1,350	\$2,850
2	Kick-Off Meeting							
	Hours -	1	0	2	0	3	0	6
	Labor Cost	\$250	\$0	\$380	\$0	\$345	\$0	\$975
3	Data Collection							
	Hours -	0	0	2	2	4	0	8
	Labor Cost	\$0	\$0	\$380	\$350	\$460	\$0	\$1,190
4	Revenue Requirement Analyses							
	Hours -	6	0	8	8	24	0	46
	Labor Cost	\$1,500	\$0	\$1,520	\$1,400	\$2,760	\$0	\$7,180
5	Cost of Service Analyses							
	Hours -	6	4	8	12	24	0	54
	Labor Cost	\$1,500	\$1,180	\$1,520	\$2,100	\$2,760	\$0	\$9,060
6	Rate Designs Analyses							
	Hours -	4	0	4	2	16	0	26
	Labor Cost	\$1,000	\$0	\$760	\$350	\$1,840	\$0	\$3,950
7	Written Documentation							
	Hours -	4	0	6	4	10	0	24
	Labor Cost	\$1,000	\$0	\$1,140	\$700	\$1,150	\$0	\$3,990
8	Public Presentations							
	Hours -	10	0	0	0	4	0	14
	Labor Cost	\$2,500	\$0	\$0	\$0	\$460	\$0	\$2,960
9	Computer Models							
	Hours -	0	0	0	0	0	0	0
	Labor Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Hours	37	4	30	28	85	10	194
	Total Fees	\$9,250	\$1,180	\$5,700	\$4,900	\$9,775	\$1,350	\$32,155
	Percentage of Hours by Employee	19.1%	2.1%	15.5%	14.4%	43.8%	5.2%	100.0%
Expenses								
	Airfare (4 Round Trip @ \$300/RT)							\$1,200
	Hotel (2 Nights @ \$125/night)							250
	Cab/Ferry Fare(4 Round Trips @ \$125/Trip)							500
	Parking/Miles/Meals/Etc.							395
	Copies/Printing							350
	Total Expenses							<u>\$2,695</u>
	Grand Total Project Fee Estimate							<u>\$34,850</u>



Appendix – Project Team Resumes



Shawn Koorn – 16 Years Experience

Professional Experience

Shawn Koorn is an Associate Vice President with HDR. He provides financial planning, cost-benefit analysis, and economic review towards development of rate and cost-of-service studies for water, wastewater, stormwater, electric, natural gas, and solid waste utilities. This information is communicated using technical abilities and presentation skills in a clear and concise manner.

Shawn's experience involves all analytical aspects of the utility financial planning and rate setting process. These include the development of revenue requirements, cost of service, and rate design studies for clients. He is highly capable and understands the finer technical issues involved with each project, as well as the broader economic issues that today's public utilities are facing.

Shawn has been involved in some unique and challenging projects. Most recently Shawn has completed several conservation based rate structures and drought rate studies. For the City of Pleasanton, California drought rates were developed to reflect the reduction in consumption to maintain adequate revenues during four stages. Each stage resulted in additional reductions in consumption and the pricing was based on the revenue needs by customer class of service. Shawn also assists water utilities in the review of their rate structure due to declining per capita consumption. This includes the review of block sizes and pricing for the rate structure, as well as reviewing the level of the fixed charges in comparison with industry standards.

Shawn has completed wastewater strength studies review for utilities across the U.S. As part of these studies, Shawn has reviewed commercial customer strength factors for determining the equitable allocation of costs for rate setting purposes. He has also assisted the utilities in the development of winter water use and flow assumption and commercial wastewater rate structure to determine if there are other viable options that may be more equitable to the commercial customers.

Shawn has extensive experience with regulatory filings before public service commissions. He recently developed testimony to support water and sewer rate studies before two different public service commissions. His experience and knowledge of "generally accepted" rate setting techniques allows him to develop excellent testimony to support his client's position.

Shawn is a member of the American Water Works Association (AWWA) Rates and Charges Subcommittee and has been a co-instructor for the AWWA Financial Management Seminar. This three-day seminar discusses the theories and methodologies used to establish cost-based rates. Shawn has also presented numerous papers on financial planning and rate setting topics for utilities.



Education

B.S., Business
Administration
Central Washington
University
B.S., Economics,
Central Washington
University

Professional Association

American Water Works
Association, Member
American Public Power
Association/Northwest,
Member

Expertise

Utility Rates/Cost of Service
Connection Fees
Financial Planning
Capital Planning
Cost-Benefit Analyses

Years with HDR

16 Years



Kevin Lorentzen – 11 Years Experience

Professional Experience

Mr. Lorentzen has more than 11 years of experience municipal finance for local government and as a consultant to small and large municipalities. As senior project manager and financial analyst for HDR, he has extensive experience in cost-of-service studies, rate design, capital and financial planning, funding, and policy analysis. Throughout his career, he has provided several presentations in an organized and effective style to colleagues, key decision makers, and elected officials. His broad knowledge and experience allows him to provide quality, comprehensive services to utilities.

While at the City of Bellevue, Kevin was the Fiscal Long Range Planning Administrator responsible for the overall fiscal health of the City. His responsibilities included forecasting a diverse revenue stream over \$200 million, providing technical support for ratings agency presentation resulting in the reaffirmation of AAA bond rating, economic analysis support for the planning department for master planning purposes, worked with City departments, including utilities providing general guidance in economics and forecasting.

Kevin has taught classes at both Government Finance Officers Association (GFOA) and Washington Finance Officers Association (WFOA). In 2015, Kevin co-taught the two-day GFOA Forecasting course and a financial modeling course at WFOA.

Kevin has been developing complex financial, rate, and cost-benefit analysis models for a number of clients, including large regional water utilities in Canada, the City of Bellevue, Jordan Valley Water Conservation District, and the City of Norfolk. For these utilities, and numerous smaller utilities, Kevin has developed easy-to-use spreadsheet models that he has trained clients to use.

Kevin's experience also includes system valuations, bond feasibility studies, and detailed cost-benefits studies for engineering, System Development Charge analysis, and planning studies.



Education

B.S., Business, Finance
University of Idaho,
Moscow Idaho

Professional Registration

AWWA
Washington Financial
Officers Association
(WFOA), Education
Committee

Expertise

Utility Rates/Cost of
Service
Financial Planning
Capital Planning
Cost-Benefit Analyses
Forecasting
Budgeting
Legislative Analysis

Years with HDR

6 Years



Judy Dean – 21 Years Experience

Judy Dean is a Senior Financial Analyst with HDR. She brings a strong background in accounting and finance, and is highly experienced in utility rate setting. She has developed numerous revenue requirement, cost-of-service, and rate design studies for a wide variety of water, sewer, electric, solid waste and stormwater utilities. Judy has worked with utilities with 300 customers to utilities with complex, multiple systems and in large metropolitan areas throughout the Western states. Her experience and skills allow her to develop rate analyses in an efficient manner. She is highly experienced in the development of capacity fee studies.

Judy is a current Washington State Certified Public Accountant - Inactive. Prior to joining HDR, Judy was a municipal accountant at a medium-sized municipality. Her duties included working with the municipal water and sewer utility on budgeting, financial planning, accounting and rate issues. Her experience in this role provides her with a greater appreciation of the challenges of a municipal utility, particularly as it relates to time and available resources.

Judy has been involved with a number of rate studies and takes a leadership role in the analytical portions of the study. These studies have ranged from single entity utilities to much more complex multi-system utilities, which include developing revenue requirements and cost-of-service studies. Judy also has extensive experience in the development of miscellaneous fees, including utility connection charges or system development charges. She has developed system development charges or impact fees for a number of water, sewer and stormwater utilities across the U.S.

As part of her technical skills, Judy has a strong command of a number of database, spreadsheet, and presentation programs. Her strengths in developing computer models include efficiency and the ability to develop very sophisticated models, yet elegantly simple in design and easy to use. Judy's attention to detail along with her ability to maintaining the big picture result in easy to use, high quality rate models provided to our clients.

Judy has provided clear, easy-to-understand presentations on highly technical financial information to a variety of audiences, ranging from presentations to client management and staff project teams, as well as project presentations at national conferences. Her confidence in her technical abilities and understanding of the underlying concepts makes her easy to listen to and easy to grasp the key points.



Education

Bachelor of Science
Accounting
Central Washington
University

Professional Registration

Certified Public Accountant -
Inactive
Washington State No. 22607

AWWA, Member

Washington Finance Officers
Association

Government Finance
Officers Association

Expertise

Utility Financial Planning

Cost of Service

System Development
Charges/Impact Fees

Years with HDR

21 Years



Dean Gipson – 25 Years Experience

Professional Experience

Dean Gipson has experience in utility infrastructure master planning, budget development, planning, design, capital improvement, and project prioritization. During his tenure with the City of San Diego, he managed sewer planning and design projects in right-of-way and environmentally sensitive areas. Additionally, he assisted with the evaluation and optimization of staff and resources to effectively respond to an Environmental Protection Agency (EPA) order to improve operations and reduce sanitary sewer overflows. He understands the process for identifying costs and setting reasonable funding protocols for utilities. He also interprets environmental and regulatory requirements and has developed plans responding to consent decrees and administrative orders issued by the EPA.

Most recently, Dean has been working with the Padre Dam Municipal Water District of Santee, California on their comprehensive water, sewer and recycled irrigation rate study. The District is updating its rates to ensure sufficient revenue is being generated to cover necessary current and future capital improvements and to support their 5-year strategic plan. As contract manager, Dean is overseeing the planning, development and update of the District's rates.

Dean is also acting as a Technical Advisor for the City and County of Honolulu, as a part of a United States Environmental Protection Agency Consent Decree. Honolulu must develop a program to systematically identify deficient collection system pipelines and rehabilitate and replace 144 miles by June 2020. Dean has been providing technical support and direction in order to develop an automated system to consistently identify the most deficient segments and then prepare preliminary reports that recommend repair, rehabilitation and replacement.

Dean has been working with Clark County Water Reclamation District by providing technical support to update the Collection System Services Group Five Year Plan which documents current processes and provides a roadmap to improve business practices. Already three years into its five year plan, several organizational changes and the downturn in the economy has initiated this update. As a part of this study, Dean participated in staff interviews to collect data on the achievements and to identify and recommend improvements moving forward. Recommendations include re-allocating staff resources to better focus on necessary tasks and a roadmap for management to implement additional changes.



Education

Bachelor of Science -
Engineering
Colorado School of
Mines (1988)

J.D. Law; Thomas
Jefferson College of
Law (2001)

Professional Licenses

Professional Engineer
(CA) No. C 49097
Juris Doctor (CA) No.
22057

Professional Registration Memberships

American Public Works
Association

American Society of
Civil Engineers (ASCE)
San Diego, President,
2010-2012

Construction
Management
Association of America

Expertise

Utility Financial Planning
Cost of Service
System Development
Charges/Impact Fees

Years With HDR

5 Years

Josiah Close – 4 Years Experience

Professional Experience

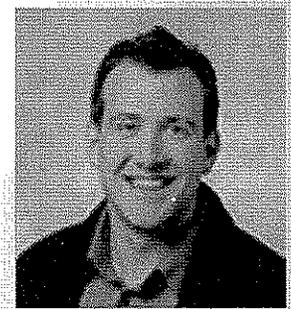
Josiah Close, a Financial Analyst with HDR, specializes in the area of utility financial planning, cost-of-service, rate setting, and system development charges. Josiah is highly experienced in developing complex financial planning and utility rate studies. He is very proficient in financial modeling and in the analysis of complex data sets and information.

Prior to joining HDR, Josiah worked as a fiscal analyst for the State of Washington in the Department of Social and Health Services. His experience with the State further developed his financial modeling skills and placed a high level of importance on attention to detail and accuracy. His work with the State enhanced his Excel™ spreadsheet skills and he is a highly skilled Excel™ modeler and user.

Since joining HDR, Josiah has been responsible for developing and updating a variety of spreadsheet analyses to support revenue requirement, cost-of-service, and rate design studies. Among the complex studies that Josiah is working on include a comprehensive water rate study, which contains a wholesale water rate component. This comprehensive study includes the development of revenue requirements, cost-of-service, and rate design.

At the present time, he is working with a California utility on the evaluation of volumetric sewer rates. In performing this evaluation, he is working with different databases of information. He recently provided a similar study in which the drought in California had impacted the water consumption and wastewater flow estimates. He worked with precipitation and water consumption data to determine a reasonable estimate of wastewater flows.

Josiah is experienced working with water, wastewater, and solid waste utilities. He has worked with and reviewed budget and asset record documents to support the technical analyses he has been conducting.



Education

B.S., Finance, Oregon State University

Professional Affiliations

AWWA, Member
Washington Finance Officers Association

Expertise

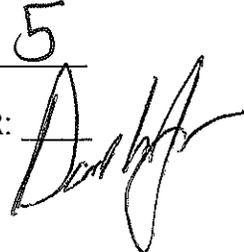
Utility Financial Planning
Cost of Service
System Development
Charges/Impact Fees

Years with HDR

3 Years

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Community Services Department
PREPARED BY: Dan Huncke, Community Services Director
SUBJECT:

AGENDA ITEM: 5
CITY MANAGER: 

Adoption of a Resolution Approving the New Grant of \$80,000 Allocated to Park Improvements at Joe Machado Field from the Los Angeles County Regional Park and Open Space District and Adoption of the City of Avalon's Youth Employment Plan

RECOMMENDED ACTION(S): Adopt the Resolution to approve \$80,000 for additional park enhancements to Joe Machado Field for funding from the Los Angeles County Regional Park and Open Space District and adopt the City of Avalon's Youth Employment Plan as it relates to grant funds and authorize the Mayor to sign same.

REPORT SUMMARY: In September/October 2016, the City was notified by Supervisor Don Knabe's office that an additional \$284,000 was available in the way of Los Angeles County Regional Park and Open Space District and Adoption Proposition A funds. Staff was requested to propose a list of park improvement projects to the County and that list was approved for the funding.

The list of park enhancement projects submitted to Supervisor Knabe's office was created by Staff and included funding the Mole Park Improvement Project shortfall of funding of \$106,000 to complete the project along with other amenity enhancements for both Mole Park and the Avalon Fit Trail Project.

Identified as "new funding", as Joe Machado Field did not receive Prop. A funds in the most recent round of grants for Avalon park facilities. Four projects were identified at Joe Machado Field at the cost of \$80,000 and they are as follows:

- Shade seating for bleachers, dugouts and the courtyard
- Concrete flooring for the dugouts
- Safety netting on both ends of the field
- Reconfigure emergency exits on the field

Important restrictions/requirements of the grant funds include:

1. Projects must be categorically exempt from CEQA.
2. Projects MUST be completed by December, 2016.

Other requirements that must be considered regarding the utilization of Proposition A funds are as follows:

Section III.B.1. Employment of Youth –*“The Propositions place special emphasis on employing youth in park improvement projects, and the District has, accordingly, developed a Youth Employment Policy. The governing body of the Grantee must adopt a Youth Employment Plan at a duly noticed public meeting for each Grant.”*

Section II.C. Application Packet (excerpt) –*“the Applicant must submit evidence, such as a grant deed, that the Applicant owns the land; or the Applicant may submit some other evidence of land tenure, such as a long-term lease form the land owner, stating that the Applicant has permission to perform the Project.”*

Section V.C.1. Maintenance and Operation – *“Grant-funded property must be maintained and operated in perpetuity. Reasonable public access to Grant-funded property, including the provisions of parking and public restrooms, must also be provided in perpetuity, except where that access may interfere with resource protection.”*

In order to meet the time constraints of the project performance period, CEQA exemptions as well as compliance with the restrictions of the grant funding, staff is proposing to enhance the City’s existing parks as follows:

GOAL ALIGNMENT: Enhance the park facilities in the City of Avalon and the recreation opportunities for the community.

FISCAL IMPACTS: The potential fiscal impacts would be positive, allowing for \$80,000 in recreation improvements that are needed and unfunded.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The City would not be eligible to apply for the grant funds.

FOLLOW UP ACTION: Authorize Staff to submit the grant applications and required documents for consideration of grant funding.

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS:

1. Resolution
2. Youth Employment Program

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF AVALON
APPROVING THE APPLICATION FOR GRANT FUNDS FROM
THE LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT
FOR FOURTH SUPERVISORIAL DISTRICT 1996 SAFE NEIGHBORHOOD PARKS (PROPOSITION A)
FUNDING FOR CITY OF AVALON PARKS ENHANCEMENT PROJECTS AND APPROVES THE
ADOPTION OF A YOUTH EMPLOYMENT PLAN

WHEREAS, the people of the County of Los Angeles on November 3, 1992, and on November 5, 1996 enacted Los Angeles County Proposition A, Safe Neighborhood Parks, Gang Prevention, Tree-Planting, Senior and Youth Recreation, Beach and Wildlife Protection (the Propositions), which among other uses, provides funds to public agencies and nonprofit organizations in the County for the purpose of acquiring and/or development facilities and open space for public recreation; and

WHEREAS, the Propositions also created the Los Angeles County Regional Park and Open Space District (the District) to administer said funds; and

WHEREAS, the District has set forth the necessary procedures governing application for grant funds under the Propositions, and

WHEREAS, the District's procedures require the City of Avalon to certify, by resolution, the approval of the application before submission of said application(s) to the District; and

WHEREAS, said application contains assurances that the City of Avalon must comply with; and

WHEREAS, the City of Avalon certifies, through this resolution, that the application is approved for submission to the District; and

WHEREAS, the City of Avalon will enter into an Agreement with the District to provide funds for acquisition and development projects.

WHEREAS, the District's procedures require the adoption of a Youth Employment Plan for development projects by the governing body of the agency.

NOW, THEREFORE, BE IT RESOLVED THAT THE CITY OF AVALON HEREBY:

1. Approves the filing of an application with the Los Angeles County Regional Park and Open Space District for Funds for the above project; and
2. Certifies that the City of Avalon understands the assurances and certification in the application form; and
3. Certifies that the City of Avalon has, or will have, sufficient funds to operate and maintain the project in perpetuity; and
4. Certifies that the City of Avalon will sign and return, within 30 days, both copies of the project agreement sent by the District for authorizing signature; and
5. Approves the adoption of a Youth Employment Plan for the project (see attached); and
6. Appoints the Administrative Analyst, or designee, to conduct all negotiations, and to execute and submit all documents including, but not limited to, applications, agreements, amendments, payment requests and so forth, which may be necessary for the completion of the aforementioned project.

Passed, approved and adopted this 15th day of November, 2016.

Ayes:
Noes:
Absent:
Abstain:

Ann H. Marshall, Mayor

ATTEST:

Denise A. Radde, City Clerk

YOUTH EMPLOYMENT PLAN
City of Avalon
Avalon Parks Enhancement Projects

BACKGROUND

The Safe Neighborhood Parks Proposition of 1996 provided \$299,700 to the City for the construction of an outdoor fitness trail along Avalon Canyon Road and \$300,000 for park improvements to Cabrillo Mole Park. Additionally, the City of Avalon submitted for an additional \$284,000 for upgrades to the Mole Park area, Peoples Park and Joe Machado Field. The combined proposed projects will include site work (excavation, retaining walls, relocation of trees), replacement of aging equipment, and installation of new equipment, landscaping and hardscape work. As the City has done in the past, with this plan, the intention is to employ at-risk youth from the community provide assistance with the public works portion of the projects.

As a condition of grant funding, the Propositions place a special emphasis on employing youth in park improvement Projects, and the District has, accordingly, developed a Youth Employment Policy. The governing body of the Grantee must adopt a Youth Employment Plan at a duly noticed public meeting for each Grant. Notice for the hearing must include the term "Youth Employment Plan: and identify the Grants(s) addressed by the proposed Plan.

TASKS THAT MAY BE PERFORMED BY AT-RISK YOUTH

1. Excavation, setting forms, and laying base material
2. Tree removal/relocation
3. Landscaping
4. Assisting in the installation of playground/outdoor fitness equipment
5. Site clean-up

METHOD OF YOUTH EMPLOYMENT

The City of Avalon will continue its practice of working with the local school and law enforcement agencies to identify local youth that conform to the Los Angeles County Regional Park and Open Space District's (District) definition of "at-risk youth."

YOUTH EMPLOYMENT GOAL

Under the provisions of the District's policy on employment of at-risk youth, the Youth Employment Goal (YEG) of the City of Avalon is \$67,123 for the Mole Park Improvement Project and the Avalon Canyon Fitness Trail, equal to 8.4% percent the City's total development Project funding from Propositions A of 1992 and 1996.

The City of Avalon has met \$36,769 (55%) of the \$67,123, which leaves a balance of the required Youth Employment goal of \$30,354.

The new grant funding in the amount of \$80,000 for improvements to Joe Machado Field could add up to another \$8,000 to the YEP program. Given the commitment the City of Avalon has made to the Youth Employment Program for the Mole Park Improvement Project and the Avalon Canyon Fit Trail Project the City is not planning on hiring additional youth but will spread that commitment to the Joe Machado Field Project.

ESTIMATED ADDITIONAL COST TO THE YOUTH EMPLOYMENT PROGRAM

Not Applicable

BALANCE OF YOUTH EMPLOYMENT PROGRAM

Avalon Canyon Fit Trail/Avalon Parks Enhancement Projects	\$3,640.00	(Prop A funds)
Reimbursable maintenance and servicing on Prop A funded Improvements at Joe Machado (\$1,000 X 15 years)	\$15,000.00	(Prop A funds)
Other new youth employment (various parks, harbor, etc.)	\$11,714.00	(City funds)
Total Youth Employment Balance	\$ 30,354.00	

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: City Attorney
PREPARED BY: Scott Campbell, City Attorney
SUBJECT: Funding Agreement with County for New Desalination Plan

AGENDA ITEM: 6

CITY MANAGER: 

RECOMMENDED ACTION(S): Staff recommends that the City Council approve and authorize the City Manager to execute a funding agreement with the County of Los Angeles for the County's funding of up to and additional \$500,000 for construction costs related to the Catalina Water Desalination Plan No. 2.

REPORT SUMMARY: Southern California Edison (SCE) completed constructed the Catalina Water Desalination Plant No. 2 in November, 2015 and the Plant has been operational since April, 2016. The City contributed \$500,000 to SCE for construction of the Plant. The County of Los Angeles, through the work on Supervisor Don Knabe, would like to contribute another \$500,000 towards the project, which, when added to the City's \$500,000, will total \$1,000,000 for the project. This should keep rates down. The County insisted that the agreement be between the County and the City, not the County and SCE.

If approved, the County funds will be held by the City until the City negotiates a separate agreement with SCE for the use of the funds that protects the City and makes sure the funds are used to provide additional desalinated water as required in the City's existing agreement with SCE. If the funds are not used or used for this purpose, they must be returned to the County.

GOAL ALIGNMENT: Natural Resources.

FISCAL IMPACTS: The funding will offset \$500,000 of SCE's costs to construct the Plant. There is no immediate fiscal impact to the City.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: If the funding agreement is not executed, the funds will not be available to support the desalination project.

FOLLOW UP ACTION: Staff will negotiate an agreement with SCE to transfer the funds to SCE in exchange for consideration to the City. A draft agreement will come to the City Council for approval.

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: 1. Funding Agreement with the County of Los Angeles for Costs for a New Desalination Plant.

**FUNDING AGREEMENT WITH THE CITY OF AVALON FOR COSTS FOR A NEW
DESALINATION PLANT**

THIS AGREEMENT ("Agreement") is made and entered into this _____ day
of _____, 2016.

BY COUNTY OF LOS ANGELES, a body corporate and
politic, and a subdivision of the State of California,
hereinafter referred to as (the "County"),

AND CITY OF AVALON, a municipal corporation (the "City").

WITNESSETH:

WHEREAS, the County is desirous of providing funding to the City to offset a portion of funds being granted by the City to Southern California Edison ("SCE") for the construction costs incurred by SCE for the Catalina Water Desalination Plant No. 2 ("Desalination Plant"), located in the City of Avalon, in the County of Los Angeles (the "Desalination Project");

WHEREAS, the City provided a partial contribution of \$500,000 to SCE for the Desalination Project, and the City seeks to provide SCE additional funding to reimburse SCE for the costs of the Desalination Project;

WHEREAS, the Agreement between the City and SCE provided that the funding was for the production of additional domestic water in accordance with the Desalination Plant's operating specifications and would be used to avoid the implementation of future water rationing;

WHEREAS, SCE completed construction of the Desalination Plant on November 13, 2015, and it has been operational since April 27, 2016;

WHEREAS, the Desalination Plant provides much needed reliable fresh water service to meet the health and welfare needs of the population of the County; and is designed and capable of producing an additional 120,000 gallons of potable water a day from that being produced by the existing desalination plant; and

WHEREAS, pursuant to Government Code section 26227, the County intends to provide a grant to the City in an amount not to exceed \$500,000 ("County Funds") for the Desalination Project.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions set forth herein, the parties hereto agree as follows:

A. Approved Funding

1. The County hereby grants to the City an amount not to exceed \$500,000 for the Desalination Project.
2. The County Funds will be paid to the City within thirty (30) days after an invoice to the County from the City for the full amount of the County Funds.
3. The County Funds shall be used solely by the City to reimburse SCE for the Desalination Project.

B. The County's Right to Return of Funds or Property

1. Any County Funds not used by the City for the Desalination Project shall remain the property of the County, and the City shall, upon request by the County, promptly repay the County any such County Funds.
2. If there are any unused County Funds at the expiration or termination of the Agreement term, the City shall promptly return any such County Funds.
3. The County reserves the right to take possession of any property purchased with misused and/or unused County Funds if the City fails to make timely repayment of the County Funds.
4. Nothing contained in this Section B shall limit or prevent the County from taking any and all action to seek repayment of unused County Funds or County Funds which were not used in accordance with the terms of this Agreement.

C. Agreement Term

This Agreement will remain in force for one year from the date of execution of this Agreement.

D. The Project

1. Nothing in this Agreement shall be construed as an approval by the County of the implementation of the improvements, regardless of the source of funding for such improvements.

2. As applicable, any improvements funded pursuant to this Agreement are subject to the provisions and requirements of the California Environmental Quality Act (hereafter "CEQA"). The City shall be responsible for compliance with the provisions of CEQA in connection with the activities that are subject to this Agreement.
4. As applicable, the City required that all persons who worked on the Desalination Project were paid not less than applicable prevailing wage rates in accordance with California Labor Code section 1771.
5. The City and the County agree that the liability of the County hereunder shall be limited to the payment of the County Funds pursuant to the terms of this Agreement. Any contracts entered into or other obligations or liabilities incurred by the City in connection with the activities provided for hereunder or otherwise relating to this Agreement shall be the sole responsibility of the City, and the County shall have no obligation or liability whatsoever thereunder.

E. Indemnity, Insurance and Records Retention

1. Indemnity

The City agrees to indemnify, defend and hold harmless the County, its Special Districts, elected and appointed officers, employees, agents, and volunteers, from and against any and all liability, actions, causes of action, or expense of any kind, including but not limited to defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury, or property damage arising from or connected with the City's activities, operations or services provided for hereunder, including any workers' compensation suits, Federal Fair Labor Standards Act, State wage or hour law violations, liability, or expense, arising from or connected with services performed by or on behalf of the City by any person in connection with or arising out of this Agreement.

2. Insurance

Without limiting the City's indemnification of the County, the City shall provide and maintain at its own expense during the term of this Agreement the following program(s) of insurance covering its operations hereunder. Such insurance shall be provided by insurer(s) satisfactory to the County's Risk Manager and evidence of

such programs satisfactory to the County shall be delivered to the County's Chief Executive Officer or her designee on or before the effective date of this Agreement. Such evidence shall specifically identify this Agreement and shall contain express conditions that County is to be given written notice at least thirty (30) days in advance of any modification or termination of any program of insurance. All such insurance, except for Workers' Compensation, shall be primary to and not contributing with any other insurance or self-insurance coverage maintained by the County and shall name the County as an additional insured.

a. Commercial General and Auto Liability: with limits of not less than \$1 Million per occurrence.

b. Workers' Compensation:

A program of Workers' Compensation Insurance in an amount and form to meet all applicable requirements of the Labor Code of the State of California, and which specifically covers all persons providing services by or on behalf of the City and all risks to such persons under this Agreement, and including Employer's Liability coverage with a \$1 million per incident limit.

c. Crime Insurance:

A comprehensive blanket crime insurance policy with each insuring agreement in an amount not less than \$25,000, insuring against loss of money, securities, or other property referred to hereunder which may result from:

- (1) Dishonesty or fraudulent acts of officers, directors, or employees of the City, or
- (2) Disappearance, destruction or wrongful abstraction inside or outside the premises of the City, while in the care, custody or control of the City, or
- (3) Sustained through forgery or direction to pay a certain sum in money.

d. Property Coverage:

If, under the terms of this agreement, the City shall have possession of rented or leased or be loaned any County-owned real or personal property, then the City shall provide:

- (1) For Real Property: insurance providing Special form ("all risk") coverage for the full replacement value.
- (2) For Personal Property: Insurance providing Special form ("all risk") coverage for the actual cash value.

3. Records Retention and Inspection

Within ten (10) days after the County Chief Executive Officer's or her designee's written request, the City shall allow County access to financial and program records for the capital improvement projects set forth herein during regular business hours at any place the City keeps those records.

F. Financial Records and Auditing

1. The City agrees to maintain satisfactory financial accounts, documents, and records of this expenditure of the County Funds and to make them available to the County for auditing at reasonable times. The City also agrees to retain such financial accounts, documents, and records for five (5) years following termination of this Agreement.
2. The City agrees to use a generally accepted accounting system. The City also agrees to maintain, and make available for County inspection, accurate records of all of its costs, disbursements, and receipts with respect to its activities under this Agreement.
3. At any time during the term of this Agreement or at any time within five (5) years of the expiration or prior termination of this Agreement, authorized representatives of the County may conduct an audit of the City records for the purpose of verifying appropriateness and validity of expenditures of County Funds under the terms of this Agreement.
4. The City, within thirty (30) days after notification from the County of its audit findings, may dispute the audit findings in writing to the County and provide the County with records and/or documentation

to support the expenditure claims. The County shall review this documentation and make a final determination as to the validity of the expenditures.

5. The City will provide the County Chief Executive Office, within one hundred twenty (120) days after the end of the fiscal year in which the program was completed, a report itemizing actual expenditures funded by monies received pursuant to this Agreement.
6. It is understood and agreed that any funds paid to the City hereunder may only be used for the purposes specified in this Agreement. In furtherance of this understanding, it is agreed that should the County determines that any funds paid to the City hereunder have been used for purposes other than those authorized by this Agreement, the City is required to immediately refund any such improperly used funds to the County.

G. Conflict of Interest

The City covenants neither the City nor any of its agents, officers, its employees, or sub-contractors who presently exercise any function of responsibility in connection with the program has personal interest, direct or indirect, in the Agreement, except to the extent he or she may receive compensation for his or her performance pursuant to this Agreement.

The City, its agents, officers, employees, and sub-contractors shall comply with all applicable Federal, State and County laws and regulations governing conflict of interest.

H. Authority

The City possesses legal authority related to the Desalination Project, that a resolution, motion, or similar action has been fully adopted or passed, as an official act of the City's governing body, authorizing receipt of the funds, and directing and designating the authorized representative(s) of the City to act in connection with the Desalination Project specified and to provide such additional information as may be required by the County.

I. Standard Terms and Conditions

1. Amendments

Except as otherwise provided herein, any amendment(s) to this Agreement shall be at the mutual consent of the County and the

City, and shall be executed by an authorized designee of the County, and approved as to form for the County by County Counsel.

2. Assignments and Subcontracts

The City shall not assign its rights or delegate its duties under this Agreement, or both, whether in whole or in part, without the prior written consent of the County, in its discretion, and any attempted assignment or delegation without such consent shall be null and void. For purposes of this paragraph, the County consent shall require a written amendment to this Agreement, which is formally approved and executed by the City and County's Chief Executive Officer. In the event a transfer, exchange, assignment, or divestment results in a change in the person or entity with majority control of City at the time of execution of this Agreement, such disposition is an assignment requiring the prior written consent of County in accordance with applicable provisions of this Agreement.

3. OSHA/CAL-OSHA Compliance

As applicable, the City shall comply with the provisions of the Occupational Safety and Health Act of 1970 (29 U.S.C. 661 et seq.) and the California Occupational Safety and Health Act (Chapter 993 of the 1973 Statutes of California).

4. Fair Labor

The City agrees to indemnify, defend, and hold harmless the County, its agents, officers and employees from any and all liability including, but not limited to, wages, overtime pay, liquidated damages, penalties, court costs, and attorneys' fees arising under any wage and hour law violation including, but not limited to, Federal Fair Labor Standards Act for services performed by the City's employees for which the County may be found jointly or solely liable.

5. Citizenship

The City warrants that it fully complies with all laws regarding employment of aliens and others, and that all its employees performing services hereunder meet citizenship or alien status requirements contained in Federal statutes and regulations. The City shall indemnify, defend and hold harmless, the County, its

officers and employees from employer sanctions and any other liability which may be assessed against the City or County, or both, in connection with any alleged violation of Federal statutes or regulations pertaining to the eligibility for employment of persons performing services under this Agreement.

6. County Lobbyists

The City and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by the City, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code chapter 2.160. Failure on the part of the City or any County lobbyist or County lobbying firm retained by the City to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Agreement.

7. Use of Recycled Paper

As applicable, consistent with the Board of Supervisors' policy to reduce the amount of solid waste deposited at County landfills, the City agrees to use recycled-content paper to the maximum extent possible on the Desalination Project.

8. Notice to Employees Regarding the Federal Earned Income Credit

As applicable, the City shall notify its employees, and shall require each subcontractor to notify its employees, that they may be eligible for the Federal Earned Income Credit under the Federal income tax laws. Such notice shall be provided in accordance with the requirements set forth in Internal Revenue Service Notice 1015.

9. Consideration of Gain/Grow Program Participants for Employment

As applicable, should the City require additional or replacement personnel related to the Desalination Project after the effective date of this Agreement, the City shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the City's minimum qualifications for the open position. For this purpose, consideration shall mean that the City will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the City. The City shall report all job

openings with job requirements to GAINGROW@DPSS.LACOUNTY.GOV to obtain a list of qualified GAIN/GROW job candidates.

10. The City's Acknowledgement of County's Commitment to Child Support Enforcement

The City acknowledges that the County places a high priority on the enforcement of child support laws and the apprehension of child support evaders. The City understands it is County's policy to encourage all County contractors to voluntarily post County's "L.A.'s Most Wanted: Delinquent Parents" poster in a prominent position at the City's place of business. County's District Attorney will supply the City with the poster to be used.

11. Suspension and Termination

The City agrees to suspend using County Funds on the Desalination Project or otherwise for a period not to exceed sixty (60) working days effective immediately upon written notice of suspension from the County's Chief Executive Officer or her designee. This provision may be applied if, in the judgment of the County's Chief Executive Officer or her designee, circumstances exist which could result in illegal or inappropriate expenditures of County Funds. The County's Chief Executive Officer or her designee may terminate this Agreement immediately by written notice to the City upon City's failure to comply with the provisions of this Agreement. It is also understood and agreed, however, that should the County determine that City's failure to perform relates to only part of the project, the County, in its sole discretion, may elect to terminate only that part of the Agreement which shall in no way void or invalidate the rest of this Agreement. In the event of termination of all or part of this Agreement, the County shall be entitled to reimbursement of the portion of the County Funds not yet used by the City.

If this Agreement is terminated, the City shall within five (5) days of receipt of notice of termination from County, notify all other parties who are subcontractors of the City of such termination.

Nothing contained herein shall limit or prevent the County from seeking repayment of County Funds already used by the City which were not used in accordance with the conditions of this Agreement.

12. Termination for Default

This Agreement may be terminated immediately in whole or in part by the County by providing to the City a written Notice of Default if 1) the City fails to perform the work or progress toward achieving the objectives of the Desalination Project within the time specified in this Agreement or any extensions approved by the County, 2) the City fails to perform any other covenant or conditions of this Agreement, or 3) the City misuses the County Funds.

In its sole discretion, the County may include in the Notice of Default a period of time for the City to cure the Default(s).

13. Termination for Convenience

This Agreement may be terminated, in whole or in part, from time to time, when such action is deemed by the County, in its sole discretion, to be in its best interest. Termination of use of County Funds for the Desalination Project or otherwise shall be effected by notice of termination to the City specifying the extent to which the Agreement is terminated and the date upon which such termination becomes effective. The date upon which such termination becomes effective shall be specified in the termination notice.

After receipt of a notice of termination and except as otherwise directed by the County, the City shall stop using County Funds under this Agreement on the date and to the extent specified in such notice.

14. Termination for Improper Consideration

The County may, by written notice to the City, immediately terminate the right of the City to proceed under this Agreement if it is found that consideration, in any form, was offered or given by the City, either directly or through an intermediary, to any County officer, employee or agent with the intent of securing the Agreement or securing favorable treatment with respect to the award, amendment or extension of the Agreement or the making of any determinations with respect to the City's performance pursuant to the Agreement. In the event of such termination, the County shall be entitled to pursue the same remedies against the City as it could pursue in the event of default by the City. The City shall immediately report any attempt by a County officer or employee to

solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Among other items, such improper consideration may take the form of cash, discounts, service, the provision of travel or entertainment, or tangible gifts.

15. Notices and Approvals

All notices and approvals shall be directed to and made by the following representatives of the parties:

A: To the County:

Chief Executive Office
Capital Programs Division
Kenneth Hahn Hall of Administration, Room 754
500 West Temple Street
Los Angeles, CA 90012
Attn: Bradford M. Bolger

B: To the City:

City of Avalon
P.O. Box 707
Avalon, CA 90704
Attn: City Manager

16. Nondiscrimination

The City shall not discriminate against any person on the basis of race, color, sex, sexual orientation, age, religious belief, national origin, marital status, physical or mental handicap, medical condition, or place of residence in the use of the County Funds paid to the City pursuant to this Agreement.

17. Severability

If any provision of this Agreement, or the application thereof, is held to be invalid, then that invalidity shall not affect other provisions or applications of the Agreement that can be given effect without the invalid provision or application, and to this end the provisions of the Agreement are severable.

18. Effective Date

After the Agreement has been executed by the City's authorized representative, the effective date of the Agreement shall be the date that the Agreement is fully executed by the County's Chief Executive Officer.

19. Compliance with Law

The City shall comply with all applicable Federal, State and County law, regulations and policies in connection with its activities pursuant to this Agreement.

20. Governing Laws, Jurisdiction and Venue

This Agreement shall be governed by, and construed in accordance with the laws of the State of California. To the maximum extent permitted by applicable law, the City and the County agree and consent to the exclusive jurisdiction of the courts of the State of California for all purposes concerning this Agreement and further agree and consent that venue of any action brought in connection with or arising out of this Agreement, shall be exclusively in the County of Los Angeles.

21. Rights and Remedies not Exclusive

The rights and remedies of the County provided in any given paragraph, as well as throughout the Agreement, are not exclusive and are cumulative with any and all other rights and remedies under the Agreement, at law, or in equity.

22. No Payment for Services Provided Following Expiration/
Termination of Agreement

The City shall have no claim against the County for payment of any money or reimbursement, of any kind whatsoever, for any service provided by the City after the expiration or other termination of this Agreement. Should the City receive any such payment it shall immediately notify the County and shall immediately repay all such funds to the County. Payment by the County for services rendered after expiration/termination of this Agreement shall not constitute a waiver of the County's right to recover such payment from the City.

This provision shall survive the expiration or other termination of this Agreement.

23. Survival of Termination

Any provision of this Agreement which imposes an obligation after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement, including but not limited to the following Sections of this Agreement: B, D.5, E.1, F., I.4, I.5, and I.22.

IN WITNESS WHEREOF, the City has executed this Funding Agreement, or caused it to be duly executed by its authorized representative, and the County of Los Angeles by order of its Board of Supervisors, has delegated to its Chief Executive Officer the authority to execute this Agreement on its behalf on the date and year written below.

CITY
City of Avalon

By: _____

Date: _____

COUNTY
County of Los Angeles

By: _____
Sachi A. Hamai
Chief Executive Officer

Date: _____

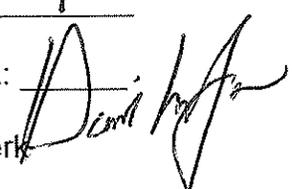
APPROVED AS TO FORM FOR THE COUNTY:

MARY C. WICKHAM
County Counsel

By: _____
Lillian Salinger
Senior Deputy County Counsel

Date: _____

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016 AGENDA ITEM: 7
ORIGINATING DEPT: Administration CITY MANAGER: 
PREPARED BY: Denise Radde, Chief Administrative Officer/City Clerk
SUBJECT: Approval of Recognition Event Expenses for Supervisor Don Knabe

RECOMMENDED ACTION(S): That the City Council ratify the action taken by staff to expend these monies and approve expenditures in the amount of \$11,735.80 in recognition of service rendered to the City of Avalon by Supervisor Don Knabe.

REPORT SUMMARY: Supervisor Knabe will be retiring in December 2016 after twenty years of dedicated service to the citizens of Los Angeles County. Through the years the Supervisor has held a great fondness for the City and has assisted us in financing many projects and grants. The City held a recognition celebration for him on Saturday, October 22, 2016 at the M Restaurant. Entities that Los Angeles County has contributed to over the years were invited to express their thanks and gratitude. The total sum of monies that Los Angeles County has contributed to the City of Avalon is in the millions and we are forever grateful.

Expenditures included the following:

Zest Catering-Location and Food Service:	\$10,156.60
Bloom Floral Design-Flowers:	\$432.53
Sir Speedy Printing-Posters, Invitations and Printing:	\$573.70
Edward Hoffman-Music:	\$300.00
Amazon-Linen Tablecloths:	\$105.06
Catalina Island Museum-Gift for Don Knabe:	\$108.89
Catalina Laundry-Linen Cleaning:	\$35.00
Island Express Helicopters-Delivery of :	\$15.00
Quill-Name Badges:	\$9.02

For a Total Expenditure of: \$11,735.80

GOAL ALIGNMENT: N/A

FISCAL IMPACTS: Monies would come from General Fund, City Council, Special Department Expense 101-10-3625.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: N/A

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

City Manager Comments:

There is no doubt that Los Angeles County and allied public agencies have been and remain tremendous and consistent supporters of Avalon and Santa Catalina Island. In all of my years of public sector experience in several California cities and counties, I have never seen such a warm and supporting relationship before between a City and its County thanks to the support and concern shown by Supervisor Knabe and his fine staff.

The recognition given by the City is a token of the high esteem he and Los Angeles County is held by government officials and the people of Avalon.

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Public Works
PREPARED BY: Dennis Jaich, Director of Public Works
SUBJECT: eBus Charging Infrastructure - Concrete Slab Installation

AGENDA ITEM: 8

CITY MANAGER: 

RECOMMENDED ACTION(S): (1) Allow Staff to schedule the Public Work's crew to proceed in installing a concrete slab at the current eBus charging facility pad.
(2) Adopt a resolution authorizing Staff to proceed with the improvements - A four-fifths vote of the City Council in favor of allowing Staff to do the work is necessary in order for them to do so.

REPORT SUMMARY: On the October 4, 2016, City Council meeting Staff was directed to bid a permanent hard surface installation for the eBus charging station.

Advertisements for bids were published on October 7, 2016. The City received two proposals for \$32,500 and \$38,900. The estimate cost range for the project in the advertisement was \$15,000-\$22,000. Staff is waiting on one more proposal as of the time of this staff report, however based on the two existing bids the recommendation is to complete the work in house with the Public Work's crew. The costs involved and received from the contractors are considered to be excessive considering the amount of work that is necessary. Therefore, Staff believes the excessive cost does not warrant a subcontractor to do the work, thus, the recommendation to do the work in-house.

GOAL ALIGNMENT: Comprehensive Transportation Review.

FISCAL IMPACTS: Awarding bid: \$32,500
In House Construction: \$27,000
Funds Being taken from: General Fund - Maintenance and Repair of Building and Grounds account 10575-5700.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The eBus charging lot will remain in operation as is, and will be non-operational should we receive inclement weather.

FOLLOW UP ACTION: Allow Staff to schedule and proceed on the construction with Public Works crews.

ADVERTISING, NOTICE AND PUBLIC CONTACT: This item was properly listed on the posted agenda pursuant to the Brown Act.

ATTACHMENTS: 1. Resolution.

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF AVALON,
CALIFORNIA AUTHORIZING HARD SURFACE INSTALLATION FOR THE
EBUS CHARGING STATION**

WHEREAS, the dirt surface of the eBus charging station is insufficient and in the event of inclement weather will be non-operational

WHEREAS, Public Works advertised the project for bids on October 7th 2016 and currently have only received two proposals for \$32,500 and \$38,900 after the estimated cost range of the project in the advertisement was \$15,000-\$22,000; and

WHEREAS, staff is waiting on one more proposal as of the time of this staff report, however based on the two existing bids the recommendation is to complete the work in house with Public Works crews. The costs involved and received from the contractors are considered to be excessive considering the amount of work that is necessary; and

WHEREAS, the cost of in house construction of the project will significantly less than either of the bid received at a total project cost of \$27,000; and

WHEREAS, Public Contract Code Section 20167 requires the rejection of all bids be approved by a four-fifth's cote of the City Council after making findings based on substantial evidence set forth in the minutes of the meeting that the project can be performed more economically by day labor and purchasing the materials on the open market; and

NOW THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF AVALON HEREBY DOES THE FOLLOWING:

Reject all bids and declare that the hard surface installation for the eBus charging station can be performed more economically by City forces and authorize the Public Works crews to purchase materials for and execute the construction of a concrete slab at the eBus charging facility with a budget not to exceed \$27,000.

PASSED, APPROVED AND ADOPTED this 15th day of November, 2016.

Ayes:
Noes:
Absent:
Abstain:

Ann H. Marshall, Mayor

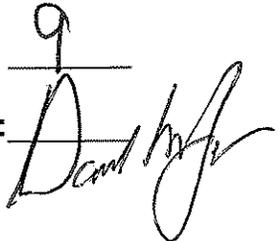
ATTEST:

Denise A. Radde, City Clerk

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Planning
PREPARED BY: Amanda Cook, Planning Director
SUBJECT: Ordinance to Adopt Changes to Title Nine of the Avalon Municipal Code to Authorize Administrative Approval of Minor Renovation Projects

AGENDA ITEM: 9

CITY MANAGER: 

RECOMMENDED ACTION(S): Introduce and waive all further readings of an Ordinance amending Section 9-8.204 of the Avalon Municipal Code in its entirety to allow administrative approval of minor renovation projects and amending Section 9-3.613 to add the definition of "Minor Renovation".

REPORT SUMMARY: In 1991, the Planning Commission established a policy to allow some minor renovation projects to be approved administratively by Staff. This ordinance will codify that policy with minor changes. The Planning Commission is recommending that "Minor Renovation" also include temporary uses as well as the types of projects already administered by the policy.

"Minor Renovation" shall mean any project that is a temporary use of land or structures that is a permitted use in the zone and has a specific duration not to exceed 30 days, or any project that meets all of the following requirements:

- (a) The project only requires approval of a site plan and does not require a variance, conditional use permit, coastal development permit, zoning or general plan amendment, or other permit, entitlement, or approval necessitating Planning Commission or City Council review;
- (b) The project does not create an additional bedroom or kitchen;
- (c) The project does involve the expansion the exterior walls of any structure resulting in an addition of 70 sq. ft. or more;
- (d) The project does not remodel, renovate or reconstruct more than twenty-five percent (25%) of the floor area of any commercial or multi-unit residential structure;
- (e) The project does not remodel, renovate or reconstruct more than fifty percent (50%) of the floor area of any single family residential structure;

(f) The project does not create a fence that is higher than six feet (6'), higher than forty-two inches (42") on a corner lot along the adjacent street, or inside a setback;

(g) The project does not create a new structure where none previously existed;

(h) The project does not alter more than twenty percent (20%) of any side or roof of any structure;

(i) The project does not create a deck, balcony or overhang which requires a variance and/or encroachment permit;

(j) No minor renovation project has been approved or conditionally approved for the site that is the subject of the application within the twelve (12) months immediately preceding the application;

(k) The project either has no potential for resulting in physical change in the environment, directly or indirectly, and is not a project for purposes of the California Environmental Quality Act ("CEQA"), or is otherwise exempt or excepted from CEQA and does not require a negative declaration, mitigated negative declaration, or environmental impact report; and

(l) The project does not create or increase any nonconforming condition or use.

FISCAL IMPACTS: None.

GOAL ALIGNMENT: This aligns with the goal of updating the Municipal Code.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The original policy will remain in effect without the ability to manage temporary uses.

FOLLOW UP ACTION: Conduct a second reading of the ordinance and adopt a resolution to approval or deny the ordinance.

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: 1. Proposed Ordinance.

Ordinance No. _____

**AN ORDINANCE OF THE CITY OF AVALON
AUTHORIZING ADMINISTRATIVE
APPROVAL OF MINOR RENOVATION PROJECTS**

WHEREAS, the City Council has established certain development standards for development within the City in order to ensure orderly and aesthetic growth and development and to protect the health, safety and welfare of the City; and

WHEREAS, sections 9-8.201, et seq., of the Avalon Municipal Code require that prior to beginning new development, the developer must submit a site plan providing a visual and factual document used to determine and control the physical, layout, design, or use of a lot or parcel, of land, buildings, or structures; and

WHEREAS, the Planning Commission is required to review and act on site plan applications; and

WHEREAS, some site plan applications contain only minor renovations that are consistent with established development standards and do not require additional approvals; and

WHEREAS, the City Council now desires to establish a procedure where such minor renovations will not require Planning Commission review but instead may be approved administratively.

NOW THEREFORE, the City Council of the City of Avalon does hereby ordain as follows:

SECTION 1. Incorporation of Recitals. The above recitals are true and correct and are incorporated herein by this reference.

SECTION 2. Section 9-8.204 of the Avalon Municipal Code is hereby amended to read in its entirety as follows:

Sec. 9-8.204 Action Upon Site Plans.

(a) The Commission or other authorized agent acting upon any site plan offered for review as provided in this chapter shall either:

- (1) Approve; or
- (2) Approve with conditions; or

(3) Deny the proposed use, development or modification as requested in the application and as indicated in the required site plan.

(b) Any site plan offered for review that contains only minor renovations, as defined by section 9-3.613, may be approved, approved with conditions, or denied administratively by the director of the planning department, or such other planning official as designated by the city manager, provided that the fire chief and the director of public works concur in the approval.

(1) Any administrative action on a site plan for a minor renovation may be appealed to the Planning Commission. Administrative action on a site plan shall become final ten (10) days after notice of the action is given to the applicant.

(2) The director of planning or other official responsible for administrative approval may, in his or her discretion, refer a site plan application to the Planning Commission even if the application meets the definition of a minor renovation.

(3) The Planning Commission may elect to review and take action upon any application for a minor renovation prior to an administrative action on the application becoming final. The Planning Commission may establish procedures for the Planning Commission's review of and action upon minor renovation applications. Unless a different procedure is established, any planning commissioner may request that an application for a minor renovation be reviewed by the Planning Commission, and the Planning Commission as a whole may elect to take action on the application. If the Planning Commission requests to review an application, no administrative action on the application shall become final.

SECTION 3. Section 9-3.613 of the Avalon Municipal Code is amended to include the following definition in alphabetical order:

“Minor renovation” shall mean any project that is a temporary use of land or structures that is a permitted use in the zone and has a specific duration not to exceed 30 days, or any project that meets all of the following requirements:

(a) The project only requires approval of a site plan and does not require a variance, conditional use permit, coastal development permit, zoning or general plan amendment, or other permit, entitlement, or approval necessitating Planning Commission or City Council review;

(b) The project does not create an additional bedroom or kitchen;

(c) The project does not involve the expansion the exterior walls of any structure resulting in an addition of 70 sq. ft. or more;

(d) The project does not remodel, renovate or reconstruct more than twenty-five percent (25%) of the floor area of any commercial or multi-unit residential structure;

(e) The project does not remodel, renovate or reconstruct more than fifty percent (50%) of the floor area of any single family residential structure;

- (f) The project does not create a fence that is higher than six feet (6'), higher than forty-two inches (42") on a corner lot along the adjacent street, or inside a setback;
- (g) The project does not create a new structure where none previously existed;
- (h) The project does not alter more than twenty percent (20%) of any side or roof of any structure;
- (i) The project does not create a deck, balcony or overhang which requires a variance and/or encroachment permit;
- (j) No minor renovation project has been approved or conditionally approved for the site that is the subject of the application within the twelve (12) months immediately preceding the application;
- (k) The project either has no potential for resulting in physical change in the environment, directly or indirectly, and is not a project for purposes of the California Environmental Quality Act ("CEQA"), or is otherwise exempt or excepted from CEQA and does not require a negative declaration, mitigated negative declaration, or environmental impact report; and
- (l) The project does not create or increase any nonconforming condition or use.

SECTION 4. CEQA. This Ordinance is not a project within the meaning of Section 15378 of the CEQA Guidelines, because it has no potential for resulting in physical change in the environment, directly or indirectly. The City Council further finds, under Title 14 of the California Code of Regulations, Section 15061(b)(3), that this Ordinance is nonetheless exempt from the requirements of CEQA in that the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The City Council, therefore, directs that a Notice of Exemption be filed with the County Clerk of the County of Los Angeles in accordance with CEQA Guidelines.

SECTION 5. Custodian of Records. The documents and materials that constitute the record of proceedings on which this Ordinance is based are located at the City Clerk's office located at 410 Avalon Canyon Road, Avalon, CA 90704. The custodian of these records is the City Clerk.

SECTION 6. Severability. If any section, sentence, clause or phrase of this Ordinance or the application thereof to any entity, person or circumstance is held for any reason to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect other provisions or applications of this Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable. The City Council of the City of Avalon hereby declares that it would have adopted this Ordinance and each section,

sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

SECTION 7. Effective Date. This Ordinance shall become effective thirty (30) days following its adoption.

SECTION 8. Publication. The City Clerk shall certify to the adoption of this Ordinance. Not later than fifteen (15) days following the passage of this Ordinance, the Ordinance, or a summary thereof, along with the names of the City Council members voting for and against the Ordinance, shall be published in a newspaper of general circulation in the City of Avalon.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Avalon, California, at a regular meeting of the City Council held on the ____ day of _____, 2016, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

City of Avalon

Ann H. Marshall, Mayor

ATTEST:

Denise A. Radde, City Clerk

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

Scott H. Campbell, City Attorney

CITY OF AVALON CITY COUNCIL

MEETING DATE: November 15, 2016
ORIGINATING DEP: Harbor
PREPARED BY: Brian Bray, Harbor Master
Robert Mescher, Finance Director
SUBJECT: Shore Boat Service-Review and Action

AGENDA ITEM: 10

CITY MANAGER: 

RECOMMENDED ACTION(S):

1. Direct the City Manager and Harbor Master to issue a second Request For Proposal offering up to a \$250,000 subsidy to operate a year round shore boat service if a documented need is demonstrated, or
2. Direct the City Manager through the Harbor Master to pursue a City-operated shore boat service with an annual operating budget not to exceed \$250,000 and an initial capital expenditure of \$600,000 to \$800,000 for three shore boats. The procurement of the boats and proposed funding would be presented to the City Council prior to committing the purchase.

REPORT SUMMARY: Island Enterprises, formerly known as Island Navigation, has been providing shore boat service in Avalon since 1975. In 1977, the City granted Island Navigation an exclusive franchise agreement for providing shore boat service in City waters. In 1983, Island Navigation built a float which was added to the end of the Green Pier for use of their shore boat and glass bottom boat operations during the summer months.

The franchise renewal agreement for shore boat services executed in 1994 following a formal bid process was extended a couple of times and has since expired. During the 1994 formal bid process, only Island Navigation Inc. submitted a bid.

On July 29, 2015, Island Enterprises delivered a letter to the City Manager stating they will no longer be able to provide the harbor shore boat services at its current hours and levels of service due to a \$600,000 shortfall.

On November 16, 2015, Island Enterprises amended their schedule and stopped operating shore boat service starting on Monday at noon until Friday at 4:00pm. When Island Navigation is closed, the Harbor Department has been transporting passengers to and from moored and anchored vessels in the Harbor Patrol Boats.

If the City Council would like the Harbor Patrol to continue providing transportation for passengers when the shore boat is closed, it is recommended for safety reasons, that a

specific type vessel made for the purpose solely of transporting passengers is obtained, and more personnel be scheduled to operate the service.

The Harbor Master feels the shore boat service is an integral part of Avalon Harbor and a vital necessity for vessels visiting Avalon whose passengers need to get to shore to support the attractions, hotels, restaurants and the like. If a shore boat service did not exist, visitors would need to bring a dinghy with them to get ashore which is not always practical or affordable. In addition, the existing dinghy docks are overcrowded which would limit accessibility for our visitors.

In January 2016, Island Enterprises suggested three options:

1. City purchase shore boats and provide shore boat services.

In order for the City to operate a shore boat service, the City would need to purchase three to four Coast Guard certified passenger carrying vessels with an initial cost of approximately \$600,000 to \$800,000 in addition to the on-going employee labor and benefit costs associated with the shore boat operating year around.

2. Island Enterprise continues to operate the existing shore boat service with a \$600,000 subsidy.

Shoreboat rates are set by a tariff issued by the Public Utilities Commission which is currently \$4.00 per person, each way.

The Harbor is an enterprise fund and must be self-funded. Providing a \$600,000 subsidy to Island Enterprises, would cause the Harbor to operate in a deficit, despite the recent increase in Harbor fees.

It is my opinion the boaters and mooring owners would be against any additional increase in Harbor fees to subsidize a shore boat service they may not use, as boaters are accustomed to having their own dinghy for immediate transportation.

3. Another option suggested by Island Enterprises would be to issue a Request for Proposal to see if there is interest in operating a shore boat service in City waters.

In March 2016, the City issued an RFP without offering any type of subsidy and only Island Enterprises responded with a proposal that reiterated the need for a subsidy of \$573,000 to service approximately 50,000 passengers each year. Staff cannot justify that dramatic rise in the cost of service projected by the contractor. Staff has analyzed Island Enterprises projections and believes the \$573,000 shortfall includes \$342,000 of over-allocated expenses from their other operations, leaving only a more realistic shortfall of \$231,000.

On September 6, 2016, Island Enterprises presented another offer to the City Manager to continue operating shoreboat services from May 1st to October 15th with a City subsidy of \$300,000. Island Enterprises would then provide a vessel to the City to operate the shoreboat

service from October 16th to April 30th for a nominal lease amount. The City's costs to operate the shoreboat services for six and a half months would be approximately an additional \$100,000.

The Finance Director and Harbor Master estimated \$250,000 as a fair charge for the City to pay, if the shore boat service was provided by contract. That amount is contained in the adopted FY16-17 Budget. However, Island Enterprises rejected the idea of accepting a subsidy of only \$250,000 from the City.

Staff projects that the City of Avalon could operate its own shore boat service with the \$250,000 already included in the FY16-17 Budget. The most significant challenge would be the acquisition of three vessels designed for shore boat services. The estimated cost of a new shore boat can be up to \$270,000 and the specialized boats are not commonly found.

Island Enterprises has made a previous offer to sell their used boats, Shore Boat I built in 1969, Shore Boat IV built in 1970, and Shore Boat VII built in 1967 for \$190,000 each or to lease three boats for \$73,000 per year for ten years with an additional payment for a required maintenance agreement.

The City has issued a franchise agreement for shore boat service in Avalon for many years, and the service has been ably provided by the current contractor. Staff and the City Council need to discuss the impact of not providing this service, or viable options for the boating public who do not own or bring skiffs to Avalon. Staff is concerned about prioritizing expenditures in the Harbor Enterprise Fund, spending \$600,000 to \$800,000 for Harbor shore boats versus other needs such as repairs to the Mole and seawall. The City Council needs to weigh this matter carefully and then provide direction to Staff on how to proceed.

GOAL ALIGNMENT: Not aligned.

FISCAL IMPACTS: Substantial capital outlay of up to \$800,000 and net operational costs of up to \$250,000 would be incurred if the City were to operate the shore boat service. The adopted FY16-17 Budget includes a contingency of \$250,000 for increased shore boat costs.

CONSEQUENCES OF NOT FOLLOWING RECOMMENDED ACTION: The City of Avalon would not have shore boat service which is considered to be a vital necessity in the harbor.

FOLLOW UP ACTION: Staff to act on City Council's direction.

ADVERTISING, NOTICE AND PUBLIC CONTACT: Pursuant to the Brown Act.

ATTACHMENTS: None.

City Manager Comments: *This report, except for this paragraph entry, is the same report as the one presented to you for the October 4th meeting that was removed from the agenda by Island Enterprises as they explored funding options through Los Angeles County and Metro.*

Since that date, no new information of substance has been received from the company or City officials, and the matter needs resolution in order to ensure the delivery of shore boat services.

It is unfortunate that the cost estimates to operate the current service provided by the contractor are so much higher than the costs developed by the City team. I have confidence in the City team and their estimates. *My preference is to see the service provided by the current service provider. His service to the community and Island has been a long one, and it is unfortunate as he stated to the City team that the loss of tender service to the cruise ships has financially impacted his operation. Since the original RFP did not have a City subsidy attached to it, and agreement on the price of continuing the service has not been reached, the suggestion by Department Directors to go out for another RFP with a \$250,000 subsidy included in the request may attract more respondents to the RFP. The existing provider could, of course, respond to a new RFP as well.*

I agree with the idea that the shore boat service is a form of transportation for Avalon and our Island just as bus and rail service is on the mainland. There has not been a corresponding subsidy of shore boat service available as there is for these other types of transportation services. Public transit would not exist in Avalon or on the mainland without a public subsidy through transit funds. Even if a subsidy were available from Metro transit funds, would it be justified in using them for contracted shore boat service where Finance Director and Harbor Master believe the requested subsidy by Island Resorts is too high?

I asked officers at Island Enterprises if the company could increase the cost of shore boat service for those using it as a means of addressing the short fall they reference, but there has not been an agreement by them that this is a good course of action.

While I think Harbor personnel could provide the service, the cost of purchasing new shore boats or leasing them is high. I remain concerned with the reported need to spend \$600,000 to \$800,000 for a City shore boats as well. Neither the City Harbor funds nor General Fund should be a catch-all for all government shortfalls. The City has numerous other infrastructure deficiencies for which funds are needed, including the Mole repair and reconstruction and the seawall.

dmj