LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

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AGENDA – REGULAR MEETING

Date: **October 19, 2016**
Time: **Closed Session 6:15 p.m.**
Regular Meeting 7:00 p.m.

For information regarding this Agenda please contact:
Jennifer M. Ferraiolo
City Clerk
Telephone: (209) 333-6702

6:55 p.m. Invocation/Call to Civic Responsibility. Invocations/Calls may be offered by any of the various religious and non-religious organizations within and around the City of Lodi. These are voluntary offerings of private citizens, to and for the benefit of the Council. The views or beliefs expressed by the Speaker have not been previously reviewed or approved by the Council, and the Council does not endorse the beliefs or views of any speaker.

C-1 Call to Order / Roll Call

C-2 Announcement of Closed Session

a) Actual Litigation: Government Code §54956.9(a); One Case; *Andrew Perales v. City of Lodi, et al.*, U.S. District Court, Eastern District of California; Case No. 2:15-CV-01107-MCE-CKD (CA)

C-3 Adjourn to Closed Session

NOTE: THE FOLLOWING ITEMS WILL COMMENCE NO SOONER THAN 7:00 P.M.

C-4 Return to Open Session / Disclosure of Action

A. Call to Order / Roll Call

B. Presentations

B-1 Domestic Violence Awareness Month Proclamation (CLK)

B-2 Sandhill Crane Association Proclamation (PRCS)

B-3 Presentation of Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting (CM)

C. Consent Calendar (Reading; Comments by the Public; Council Action)

C-1 Receive Register of Claims in the Amount of $9,708,649.80 (FIN)

C-2 Approve Minutes (CLK)
a) September 13, September 20, September 27, October 4, 2016 (Shirtsleeve Sessions)
b) September 21 and October 5, 2016 (Regular Meetings)
c) October 4, 2016 (Special Meeting)

C-3 Accept Improvements Under Contract for 2016 Extruded Traffic Stripes, Various City Streets (PW)

C-4 Accept Improvements Under Contract for Alley Improvement Project – Phase 5 (PW)

C-5 Accept Improvements Under Contract for Kofu Park Americans with Disabilities Act Improvements Project (PW)

C-6 Accept Improvements Under Contract for 2016 Storm Drainage Improvements (PW)

Res. C-7 Adopt Resolution Accepting Lodi Shopping Center Public Improvements; Receiving Dedication of Real Property Known as I-2 Storm Drain Basin (APN 058-03-018) and All Associated Offsite Public Improvements; Amending Traffic Resolution No. 97-148 by Approving Through Street on Westgate Drive from Kettleman Lane to the South Boundary of the Lodi Shopping Center and Further Approving No-Parking Zones on the West Side of Lower Sacramento Road from Kettleman Lane to South Boundary of the Lodi Shopping Center; and Appropriating Funds ($252,763) (PW)

Res. C-8 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Regulatory Required Maintenance, Testing, and Repair of Altec-Equipped Vehicles and Equipment with Altec Industries, Inc., of Dixon, for a Five-Year Term ($25,000 Annually) (EU)

Res. C-9 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Killelea Substation Bank No. 1 Power Transformer Relocation, Test, and Preparation for Long-Term Storage with Delta Star, Inc., of Lynchburg, Virginia ($89,000) (EU)

Res. C-10 Adopt Resolution Authorizing City Manager to Execute Professional Services Ageement with Siegfried Engineering, Inc., of Stockton, for Lodi Station Parking Garage Structural Management ($66,300) (PW)

Res. C-11 Adopt Resolution Authorizing City Manager to Execute Service Maintenance Agreement with Sungard Public Sector, Inc., of Lake Mary, Florida, and Further Authorizing City Manager to Execute Future Budgeted Annual Maintenance Agreements with Sungard Public Sector, Inc., on Behalf of the City of Lodi ($151,921.38) (PD)

Res. C-12 Adopt Resolution Authorizing City Manager to Execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for Environmental Consulting Services for PCE/TCE Groundwater Contamination Plumes ($25,000) and Appropriating Funds ($25,000) (PW)

Res. C-13 Adopt Resolution Authorizing Lodi Police Department to Participate in the Selective Traffic Enforcement Program Grant Funded by the Office of Traffic Safety and Further Authorizing City Manager to Execute the Grant Documents on Behalf of the City of Lodi ($130,000) (PD)

Res. C-14 Adopt Resolution Approving First-Time Home Buyer Program Guidelines (CD)

Res. C-15 Adopt Resolution Approving City of Lodi Investment Policy and Internal Control Guidelines (CM)

Res. C-16 Adopt Resolution Rescinding Resolution No. 4304 and Approving Updated Public Works Tree Policy (PW)

Res. C-17 Adopt Resolution Approving Year 2016 Amendments to Conflict of Interest Code (Government Code Section 87306.5) (CA)

C-18 Set Public Hearing for November 2, 2016, to Consider Adopting Resolution Approving Planning Commission's Recommendation to Authorize 28 Medium-Density Residential Growth Management Allocations for the Camper – Sacramento Street Subdiivision (CD)

C-19 Set Public Hearing for November 2, 2016, to Consider Adopting Resolution Setting the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan Development Fees for 2017 and Updating the Fee Model for the Conservation Plan (CD)

C-20 Set Public Hearing for November 2, 2016, to Consider Adoption of the 2016 California Building Code, Mechanical Code, Electrical Code, Plumbing Code, Residential Code, Green Building Standard Code, and Fire Code (CD)

C-21 Set Public Hearing for November 16, 2016, to Consider and Approve an Amendment of the 2016/17 Annual Action Plan to Accommodate the Reallocation of Community Development Block Grant Funds from Previous Years (CD)

C-22 Set Public Hearing for November 16, 2016, to Consider Unmet Transit Needs in Lodi (PW)

C-23 Set Public Hearing for November 16, 2016, to Receive Comments on and Consider Accepting City of Lodi's Report on Water Quality Relative to Public Health Goals (PW)

D. Comments by the Public on Non-Agenda Items

THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.

Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3l). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

E. Comments by the City Council Members on Non-Agenda Items

F. Comments by the City Manager on Non-Agenda Items

G. Public Hearings

Res. G-1 Continued Public Hearing to Consider Adopting Resolution Eliminating the Reduced Residential Impact Fee Structure for Low- and Medium-Density Zoning Designations (PW)

H. Communications

H-1 Appointment to the Site Plan and Architectural Review Committee; and Post for Expiring Terms on the Lodi Senior Citizens Commission, Recreation Commission, and Personnel Board of Review (CLK)

H-2 Monthly Protocol Account Report (CLK)

I. Regular Calendar

I-1 Approve Budget and Fiscal Policies and Third-Party Trusts (CM)

Res. a. Adopt Resolution Approving Budget and Fiscal Policies

Res. b. Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter a Pension Stabilization Irrevocable Trust with Public Agency Retirement Services, Designating Funds to be Deposited into the Trust, and Selection of the Balanced (Passive Option) Investment Strategy (CM)

Res. c. Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program, Select Investment Strategy 2, and Appropriating Funds ($1,000,000) (CM)

J. Ordinances

Ord. (Adopt) J-1 Ordinance No. 1929 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 17.30 – Landscaping – by Repealing and Re-Enacting Section 17.30.070, 'Water Efficient Landscape Requirements,' in Its Entirety" (CLK)

Ord. (Adopt) J-2 Ordinance No. 1930 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.24, 'Taxicab Transportation Service,' in Its Entirety" (CLK)

Ord. (Adopt) J-3 Ordinance No. 1931 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.25, 'Pedicabs,' in Its Entirety" (CLK)

K. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

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Jennifer M. Ferraiolo
City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Jennifer M. Ferraiolo at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Jennifer M. Ferraiolo (209) 333-6702.

Meetings of the Lodi City Council are telecast on SJTV, Channel 26. The City of Lodi provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the City's website at www.lodi.gov by clicking the meeting webcasts link.

AGENDA ITEM **B-01**

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Domestic Violence Awareness Month Proclamation

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Mayor Chandler will present a proclamation proclaiming the month of October 2016 as "Domestic Violence Awareness Month" in the City of Lodi.

BACKGROUND INFORMATION: The Mayor has been requested to present a proclamation proclaiming the month of October 2016 as "Domestic Violence Awareness Month" in the City of Lodi. Melissa Amos, Youth Shelter Manager with the Women's Center of San Joaquin Youth and Family Services, will be at the meeting to accept the proclamation.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Jennifer M. Ferraiolo
City Clerk

JMF/PMF

APPROVED: _____
Stephen Schwabauer, City Manager

council/councom/Presentation1.doc

AGENDA ITEM **B-02**

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Sandhill Crane Association Proclamation

MEETING DATE: October 19, 2016

PREPARED BY: Parks, Recreation and Cultural Services

RECOMMENDED ACTION: Mayor Chandler will present a proclamation in recognition of the Lodi Sandhill Crane Association.

BACKGROUND INFORMATION: The Mayor has been requested to present a proclamation in recognition of the Lodi Sandhill Crane Association, which is celebrating its 20th anniversary this year. This group is composed of an all-volunteer steering committee, which meets year-round to prepare for each year's festival, held the first full weekend in November. The City of Lodi is a co-sponsor of this event.

This year's Sandhill Crane Festival will be held at Hutchins Street Square on November 4-6, 2016, which will feature 47 birding tours, a free exhibit hall and many workshops throughout the weekend. The efforts of the committee have helped stimulate the local economy with thousands of annual Eco tourists who visit Lodi to attend the November Sandhill Crane Festival, or during September through March, when the greater Sandhill Cranes overwinter in the surrounding delta lands, off Woodbridge Road, outside of Lodi.

Several special events will take place at this year's festival to commemorate the 20th anniversary. More information is available on line at: http://cranefestival.com/index.php.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

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Jeff Hood
Parks, Recreation and Cultural Services Director

Prepared by Kathy Grant, Watershed Program Coordinator

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **B-03**

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Presentation of Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting

MEETING DATE: October 19, 2016

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Mayor Chandler will present the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

BACKGROUND INFORMATION: The City of Lodi has been awarded the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. This is the 23rd consecutive year that the City has been awarded this Certificate of Achievement.

The award represents a significant achievement by the government and its management. It reflects the commitment of the governing body and staff to meeting the highest principles of financial reporting. The award program was instituted to encourage all government units to prepare and publish an easily readable and understandable Comprehensive Annual Financial Report covering all funds and financial transactions of the government during the fiscal year. In order to receive the award, the entity had to satisfy nationally-recognized guidelines for effective presentation of financial information.

When a Certificate of Achievement for Excellence in Financial Reporting Award is granted to an entity, a Certificate of Recognition is also presented to the individuals designated as being primarily responsible for its having achieved the award. This Certificate of Recognition is being presented to:

Ruby R. Paiste, Financial Services Manager
Derrick Cotten, Supervising Accountant

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

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Jordan Ayers
Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM C-01

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Receive Register of Claims through September 29, 2016 in the total amount of $9,708,649.80

MEETING DATE: October 19, 2016

PREPARED BY: Internal Services Director

RECOMMENDED ACTION: Receive the attached Register of Claims for $9,708,649.80

BACKGROUND INFORMATION: Attached is the Register of Claims in the amount of $9,708,649.80 through 9/29/16. Also attached is Payroll in the amount of $2,777,920.90

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: As per attached report.

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Jordan Ayers
Internal Services Director

JA/nes

Attachments

APPROVED: _____
Stephen Schwabauer, City Manager

Council Report
City of Lodi, CA - v10.5 Live
9/2/2016 through 9/15/2016

Fund				Amount
100 - General Fund				1,319,885.04
120 - Library Fund				17,251.95
140 - Expendable Trust				10,723.81
200 - Parks Rec & Cultural Services				55,029.22
213 - LPD-Public Safety Prog AB 1913				14,134.53
270 - Comm Dev Special Rev Fund				1,287.81
301 - Gas Tax-2105 2106 2107				20,254.21
303 - Measure K Funds				49,679.61
307 - Federal - Streets				87,599.41
311 - State-Streets				1,272,650.91
314 - IMF-Regional Transportation				1,620.55
331 - LTF-Pedestrian/Bike				1,440.00
404 - Vehicle Replacement Fund - FD				55,666.33
410 - Library Capital Account				64,807.80
431 - Capital Outlay/General Fund				45,894.39
500 - Electric Utility Fund				110,417.67
501 - Utility Outlay Reserve Fund				164,589.50
504 - Public Benefits Fund				10,179.00
530 - Waste Water Utility Fund				61,565.63
531 - Waste Wtr Util-Capital Outlay				26,315.00
560 - Water Utility Fund				30,550.49
561 - Water Utility-Capital Outlay				1,708,404.04
590 - Central Plume				60.09
600 - Dial-a-Ride/Transportation				6,225.29
601 - Transit Capital				32,478.87
650 - Internal Service/Equip Maint				44,800.95
655 - Employee Benefits				16,316.88
660 - General Liabilities				296,932.00
665 - Worker's Comp Insurance				41,148.27
801 - L&L Dist Z1-Almond Estates				2,665.00
Total				5,570,574.25

Council Report
City of Lodi, CA - v10.5 Live
9/16/2016 through 9/29/2016

Fund				Amount
100 - General Fund				2,163,995.11
120 - Library Fund				5,722.11
140 - Expendable Trust				25,684.64
200 - Parks Rec & Cultural Services				33,391.21
213 - LPD-Public Safety Prog AB 1913				837.01
270 - Comm Dev Special Rev Fund				1,582.81
301 - Gas Tax-2105 2106 2107				15,941.39
303 - Measure K Funds				2,912.00
307 - Federal - Streets				13,532.70
314 - IMF-Regional Transportation				33,626.23
350 - H U D				3,000.00
402 - Info Systems Replacement Fund				202,649.42
404 - Vehicle Replacement Fund - FD				7,755.38
431 - Capital Outlay/General Fund				24,391.00
432 - Parks & Rec Capital				410.00
500 - Electric Utility Fund				271,810.73
501 - Utility Outlay Reserve Fund				27,505.34
504 - Public Benefits Fund				474.91
530 - Waste Water Utility Fund				42,602.34
531 - Waste Wtr Util-Capital Outlay				376,691.28
560 - Water Utility Fund				442,644.10
561 - Water Utility-Capital Outlay				53,240.67
590 - Central Plume				4,538.01
600 - Dial-a-Ride/Transportation				35,054.15
601 - Transit Capital				169,854.32
650 - Internal Service/Equip Maint				36,694.89
655 - Employee Benefits				137,150.55
660 - General Liabilities				4,233.25
665 - Worker's Comp Insurance				150.00
Total				4,138,075.55

Council Report: Payroll
City of Lodi, CA - v10.5 Live
Pay Period 8/28/2016

Fund	Description	Amount
100	General Fund	771,801.55
120	Library Fund	20,986.74
200	Parks Rec & Cultural Services	127,734.23
214	LPD-OTS Grants	2,773.19
219	LPD-ABC Grant	1,178.50
270	Comm Dev Special Rev Fund	30,852.73
301	Gas Tax-2105 2106 2107	33,050.83
500	Electric Utility Fund	176,094.05
530	Waste Water Utility Fund	132,760.07
560	Water Utility Fund	21,204.30
600	Dial-a-Ride/Transportation	9,007.34
650	Internal Service/Equip Maint	18,719.89
Report Total		**1,346,163.42**

Council Report: Payroll
City of Lodi, CA - v10.5 Live
Pay Period 9/11/2016

Fund	Description	Amount
100	General Fund	833,869.00
120	Library Fund	21,581.79
200	Parks Rec & Cultural Services	122,118.56
214	LPD-OTS Grants	11,423.95
219	LPD-ABC Grant	1,569.10
270	Comm Dev Special Rev Fund	33,547.35
301	Gas Tax-2105 2106 2107	34,076.66
500	Electric Utility Fund	179,099.65
530	Waste Water Utility Fund	138,110.05
560	Water Utility Fund	24,530.94
600	Dial-a-Ride/Transportation	9,072.32
650	Internal Service/Equip Maint	18,560.44
655	Employee Benefits	4,197.67
Report Total		**1,431,757.48**

AGENDA ITEM C-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Approve Minutes
a) September 13, 2016 (Shirtsleeve Session)
b) September 20, 2016 (Shirtsleeve Session)
c) September 21, 2016 (Regular Meeting)
d) September 27, 2016 (Shirtsleeve Session)
e) October 4, 2016 (Shirtsleeve Session)
f) October 4, 2016 (Special Meeting)
g) October 5, 2016 (Regular Meeting)

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Approve the following minutes as prepared:
a) September 13, 2016 (Shirtsleeve Session)
b) September 20, 2016 (Shirtsleeve Session)
c) September 21, 2016 (Regular Meeting)
d) September 27, 2016 (Shirtsleeve Session)
e) October 4, 2016 (Shirtsleeve Session)
f) October 4, 2016 (Special Meeting)
g) October 5, 2016 (Regular Meeting)

BACKGROUND INFORMATION: Attached are copies of the subject minutes marked Exhibit A through G, respectively.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

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Jennifer M. Ferraiolo
City Clerk

Attachments

APPROVED: _____
Stephen Schwabauer, City Manager

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LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 13, 2016

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 13, 2016, commencing at 7:00 a.m.

Present: Council Member Johnson, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler
Absent: Council Member Mounce
Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Mayor Pro Tempore Kuehne left the meeting at 8:07 a.m.

B. Topic(s)

B-1 Discuss Framework for Budget and Fiscal Policies (CM)

Deputy City Manager Jordan Ayers provided a PowerPoint presentation regarding budget and fiscal policies. Specific topics of discussion included process; history; today's objective; employee survey responses regarding the City having reserves, level of reserves, and priority of reserves; basic guidelines; budget administration; reserves and Governmental Accounting Standards Board reporting; General Fund reserves; special revenue funds reserves; enterprise funds reserves; Internal Services funds reserves; and Capital Improvement Plan (CIP).

In response to Council Member Nakanishi, Mr. Ayers confirmed that the employee survey showed that a majority of employees felt the City should have either 16 percent (i.e. two months of operating costs) or 25 percent (i.e. three months of operating costs) as the City's reserve level, adding that recent survey results on the City Manager's listserv forum showed a majority of the responding cities had a 25 percent reserve level.

Mayor Pro Tempore Kuehne stated his preference is a three-month reserve level, but not at the expense of negatively effecting City business, and that two months would be the lowest level he would be willing to accept. Mr. Ayers stated that it would be relatively simple to craft a policy in a manner that can be easily maintained. The current policy sets forth two reserves, each at 8 percent - one for catastrophic events and one for economic matters - either or both of which could be adjusted in any manner to reach a 25 percent level.

Council Member Johnson questioned if the City could ease into reaching such a level, to which Mr. Ayers responded in the affirmative, stating it is a balancing act of setting a policy and a plan to reach that goal level within a realistic timeframe.

In response to Mayor Pro Tempore Kuehne, Mr. Ayers stated that a 25 percent reserve would equal $12 million and the City is currently at a 16 percent level, which is roughly $8 million. He stated it will take a significant sacrifice to get to that level and once the money is set aside in the reserve, it would not be available for other purposes.

In response to Council Member Nakanishi, Mr. Ayers stated that the Electric Utility has a multiple-step component to its reserve policies: it has a 90-day operating capital reserve, a local contingency, and the amount it maintains at the Northern California Power Agency.

Mayor Pro Tempore Kuehne questioned how staff lines up with the employee ranking on the priority of funding reserves. City Manager Schwabauer responded that his number one reserve

priority would be the general fund with the pension stabilization reserve second because they are linked as the California Public Employees Retirement System (Cal-PERS) liability would be a severe constraint on the general fund if there is no reserve to pay increased costs. He further responded that the Other Post-Employment Benefits (OPEB) reserve would be his lowest priority with the other three - information technology (IT), facility replacement, and vehicle replacement reserves - being equal because they are all important to operations and are mission critical. Mr. Ayers reminded Council that at the February Shirtsleeve Session, the general fund reserve was listed as the top priority, followed by OBEB because of the ease of funding that reserve and then the pension, IT, facility, and vehicle reserves. Currently, there is no reserve set aside for IT needs, there is a small amount set aside for facility and vehicle replacements, and there is $1 million in the benefits fund earmarked for OPEB, but because it is held locally, the City receives no credit for it in the actuarial process.

In response to Mayor Chandler, Mr. Schwabauer stated that the proposed policy is based on staff's recommendations and Council's input at the previous Shirtsleeve Session on this matter, not the employee ranking. In further response, Mr. Ayers confirmed there has been no public outreach on its priorities or preferences on reserve policies.

In response to Council Member Nakanishi, Mr. Ayers stated that the concept of a reserve has been around for a long time and is tied to an Internal Revenue Service (IRS) code. There is currently one vendor, Public Agency Retirement Services (PARS), that has a private ruling with the IRS for pension stabilization funds available to public agencies, and Mr. Ayers estimated the vendor has roughly 30 to 50 clients. Mr. Ayers stated that a branch of Cal-PERS is seeking legislative authority to establish such a fund through separate legislation.

Council Member Johnson questioned if the OPEB issue will slowly decline and ultimately disappear, to which Mr. Ayers responded that only half of it will. He explained there are two components: one is the contract sick leave conversion for retirees and a number of existing employees; the second piece is the payment relating to the Public Employees' Medical and Hospital Care Act for as long as the City offers health care through Cal-PERS. Mr. Schwabauer added that leaving Cal-PERS could cut that liability in half; however, the consequence of such an action is that it would significantly increase the cost of health insurance because retirees would no longer be securing their insurance through the Cal-PERS pool.

Council Member Nakanishi stated he was not advocating this, but some have suggested borrowing money for a reserve fund at a low interest rate; however, agencies that have done so went bankrupt. Mr. Ayers stated it is a huge gamble that interest earnings on the loan will exceed interest costs. Agencies that opted for pension obligation bonds did not fair well because the market turned downward and returns were less than the interest earned.

In response to Mayor Pro Tempore Kuehne, Mr. Ayers stated that the transfer to the Library fund has been a fixed dollar amount since 2008, but it took a hit with the recession, built up since then, and stayed relatively stable. Mr. Schwabauer stated that the Library transfer increased to address negotiated changes in pay as the budget improved.

Mayor Chandler questioned the recommendation that department directors approve movement of funds within their departments because Council sets the budgets for each category. Mr. Ayers explained that the concept is to give department heads flexibility within their own department to move money within a function as long as the bottom line does not change. Mr. Schwabauer stated that Council approval would be necessary if a department head wanted to move money to a different function; for example, moving funds from the Engineering function to complete a construction project would require Council authority.

In response to Mayor Pro Tempore Kuehne, Mr. Ayers stated that $10,000 for fixed asset capitalization is a more realistic figure than the current $3,000. In further response, Mr. Ayers stated that the three recommendations listed for budget administration are current practice; however, they were not previously formalized in writing. This will add the current operating practices to the policy. Mayor Pro Tempore Kuehne expressed his discomfort with the second practice of permitting the City Manager/Deputy City Manager to approve movements within a

fund, but stated he would accept it since it is current practice and there have been no complaints. Mr. Schwabauer stated that staff would provide Council with examples of the practice.

Council Member Nakanishi stated that, if this type of movement of funds at the department level happens often, he was amenable to it because obtaining approval would take time and effort. Mr. Schwabauer used the example that a department head may opt out of attending a conference during a particular year and use the money instead on necessary books, which would require movement of funds from one account to another within the same function.

Council Member Johnson stated that he was comfortable with the budget administration recommendations because recommendation number one - that Council is responsible for approving all initial and increased appropriations and all position additions/deletions - covers every aspect of the other two recommendations (i.e. City Manager/Deputy City Manager authority and department director authority). If movement of money away from a particular fund is necessary, the matter would come back before Council, as would adding or deleting any positions to the workforce. The ultimate authority is at the Council level, and he added that over the years, Council has adjusted the City Manager's authority level in order to accomplish business with a certain amount of flexibility.

Mayor Pro Tempore Kuehne stated he would like to see the economic reserve at the three-month level be the first priority and then work on increasing the catastrophic reserve to a three-month level within a reasonable timeframe. Mr. Schwabauer requested clarification that the suggestion is to increase the economic reserve to 12 percent and, once there, focus on increasing the catastrophic reserve to 12 percent, to which Mr. Kuehne responded in the affirmative. Mayor Pro Tempore Kuehne further stated he believed the public perception would be to fund the Cal-PERS liability as the number one priority, followed by the general fund for 12 percent, and then allow the City Manager/Deputy City Manager to determine the remaining ranking.

Council Member Nakanishi stated his business does not have a reserve because he has ongoing expenses and revenues to balance, just as the City has ongoing projects to fund. He believed an 8 percent reserve is reasonable, but if Council prefers 25 percent, he would accept that.

Mayor Chandler stated that he felt the current reserve levels are acceptable, adding that the public likely does not want money used to fund a reserve when it should be used on maintaining City assets, keeping current on IT needs, and not deferring maintenance.

Mr. Ayers stated the two current reserves are general fund money only: the catastrophic reserve is in place should Council declare a catastrophic event due to flood or train wreck that impairs the City's abilities; and the economic reserve is to weather downturns in the economy and an impaired tax base in order to continue to maintain services until the tax base improves.

Council Member Nakanishi stated he trusts the current administrators and would prefer to leave the reserve levels as they currently are, adding that too big of a reserve could be problematic and have a negative public perception.

Council Member Johnson stated there was a time when Lodi had no reserves and it took a long time to reach the current reserve levels. He expressed concern, not with what the appropriate level should be, but rather where the money would come from to build a reserve and how long it might take. Mr. Schwabauer stated that the only opportunity to build a reserve is to set aside one-time savings or dollars. He used the examples of the one-time, unbudgeted $1 million from the Lodi Energy Center and when expenses come in under budget due to low staffing levels. He stated staff is comfortable leaving the two current reserves at 8 percent because there are other reserve funds that should be created, such as the pension stabilization fund.

In response to Council Member Nakanishi, Mr. Ayers stated the concept of crafting the policy is to continue with the two 8 percent reserves and set up additional reserves for pension stabilization, facilities, vehicles, etc.

In response to Mayor Pro Tempore Kuehne, Mr. Ayers confirmed that the extended expected life

of vehicles, as previously discussed by Council, was incorporated into the policy. He further stated there is no reserve fund for IT; however, $65,000 is allocated every year for IT-related expenses, which does not cover all of the needs. Mr. Ayers confirmed that the Police Department dispatch consoles cost $500,000 and have a lifespan of seven to ten years and the 9-1-1- system was completely grant funded. In further response, Mr. Ayers stated that IT runs the data center and is in the process of building a new data center. The components of the new data center will likely be obsolete in three to seven years, and the City should be setting aside money now to replace the pieces once the equipment reaches its useful life.

Mr. Schwabauer explained that every City department has IT needs, whether it is office computers and tablets, data storage, servers, WiFi, communications to the Internet, etc., but some departments have specialized needs, such as the Fire Department program that maintains staffing levels and the Building Department's permit software.

In response to Mayor Chandler, Mr. Ayers stated there is currently $1 million set aside for the OPEB fund, which came from one-time money related to the property tax settlement with the County and from money that was set aside from the enterprise funds. If Council opted to establish a third-party trust for OPEB, the City could use that as seed money to set up the fund. With regard to a pension stabilization fund, the City could use current operations or see if there are excess reserves at the close of the 2015/16 budget.

Council Member Johnson questioned how many California cities utilize a third party for pension stabilizations funds, to which Mr. Ayers responded that this is a relatively new concept and he would research the numbers; however, roughly 400 entities have tapped into the OPEB third-party trust through the two providers. Further, Council Member Johnson expressed support for the CIP, stating it was well overdue, and questioned whether the $10,000 level was too low. Mr. Ayers stated the amount addresses the auditor's standpoint that all fixed assets must be capitalized.

Mr. Ayers stated staff's recommendation is that the policy be reviewed every other year during the budget process to ensure the policy is on track and is still realistic.

In response to Council Member Nakanishi, Mr. Ayers confirmed that the City currently has no reserve set aside for pension stabilization. Mr. Ayers stated that, if there is Council concurrence, he will bring forth approval to opt into both the pension stabilization and OPEB funds in October when the budget and fiscal policies come before Council for approval. He stated that, in both cases, there is no obligation to fund those trust funds; they can be set up to fund with one-time money or on-going. Mr. Ayers further confirmed that no new budget policies have been adopted since the first policy, which was approved as part of the 2003/05 budget, and this will serve as a stand-alone policy document that will be built upon as a comprehensive financial policy and be added to the debt management and investment policies. The bulk of the recommendations are existing practices, along with recommendations on reserve funds.

Mayor Chandler stated he would like the City to be prepared with OPEB and pension stabilization funds.

Mr. Ayers provided examples of CIP projects, such as road overlays, water meter projects, roof replacements, and parking lot rehabilitations. Mr. Schwabauer stated the concept is to survey all CIP projects to anticipate upcoming needs versus replacing or repairing items once they become critical.

Ed Miller questioned if the policy includes methods to deal with the capital problems facing the Parks, Recreation, and Cultural Services Department, stating that replacement costs for play systems are significant and many of them appear to be on the verge of repair. Mr. Ayers stated this policy is not a funding program - that is handled as an operating transfer as necessary - but the CIP will identify needs into the future, as well as potential funding sources.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:19 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 20, 2016

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, September 20, 2016, commencing at 7:00 a.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, Mayor Pro Tempore Kuehne, and Mayor Chandler
Absent: None
Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

B. Topic(s)

B-1 Receive Overview Presentation Regarding the California Joint Powers Risk Management Authority by General Manager David Clovis (CA)

City Attorney Magdich reported that Lodi was a founding member of the California Joint Powers Risk Management Authority (CJPRMA), which provides general liability insurance coverage for excess liability, property, boiler and machinery, and automobile.

CJPRMA General Manager David Clovis presented a PowerPoint presentation regarding an overview of CJPRMA. Specific topics of discussion included background of CJPRMA, historical perspective, insurance pooling in the early years, creation of CJPRMA, CJPRMA members, first steps, CJPRMA today, Memorandum of Coverage, limits, total member payroll, liability rates, Lodi net cost, Lodi net benefits, property program, property program - total insured values, property program - rates, other programs, added services, and state of the industry.

In response to Council Member Mounce, Mr. Clovis explained that CJPRMA is a blended insurance pool for excess liability and four of the members are other insurance pools: Northern California Cities Self Insurance Fund, Redwood Empire Municipal Insurance Fund, Small Cities Organized Risk Efforts, and Yolo County Public Agency Risk Management Insurance Authority. He stated there are 21 members but 97 different entities.

In response to Council Member Nakanishi, Mr. Clovis stated that CJPRMA purchases its insurance from Munich Reinsurance Company, which is based in Munich, Germany, and is the largest reinsurer in the world. CJPRMA left the company two years ago and went with Starr Insurance due to lower costs; however, six months into the program, the company decided it would no longer insure public agencies in California and CJPRMA returned to Munich Reinsurance Company. Mr. Clovis stated that Munich provides great rates and is a superior company that works with CJPRMA on liability claims without pushing settlements.

In response to Council Member Johnson, Mr. Clovis stated that CJPRMA works in partnership with the City of Lodi legal staff to ensure the best end result, stating there are times when it is appropriate to go to trial on a claim due to political concerns while other times it may be in the best interest to settle a claim. CJPRMA does not force members to settle and will give insights on claims, including financial perspectives on costs of settlement versus trial and mock trials to determine what a jury may do.

In response to Council Member Nakanishi, City Manager Schwabauer stated that the retained coverage limit is similar to an insurance deductible for individuals: CJPRMA would pay the deductible on a claim up to $5 million, and anything over that amount is covered by the reinsurer company. In further response, Mr. Clovis stated that no member city has reached or

exceeded the $5 million limit, partially due to good risk management, good jury awards, or pure luck. CJPRMA will typically move aggressively to settle a case before it reaches that level.

In response to Council Member Nakanishi, Mr. Clovis stated that the $2.7 million listed in the PowerPoint as the net benefit represents what it would have cost the City over time and is a savings over and above the amount the City has with CJPRMA. Mr. Schwabauer further explained that, if the City were completely self insured and paid the claims, it would have cost Lodi $2.7 million more than what it cost the City as a result of the CJPRMA program. Currently, CJRPRMA holds $1.5 million on the City's behalf in the pool and the remaining amount was either redistributed back to the City or paid by CJPRMA on claims. Ms. Magdich stated that Lodi receives more back in redistribution because it has been in the pool for so long. CJPRMA manages $93 million, some of which is invested with a return on the money.

In response to Council Member Mounce, Mr. Clovis confirmed that Lodi does not currently participate in the Difference in Conditions program, which is a new add-on service to cover catastrophic events. While the CJPRMA program is more affordable than those in the market place, it is still expensive; however, entities can select what they want to cover. Council Member Mounce requested that Council discuss and consider this program, to which Ms. Magdich stated that, once the program is in place, the costs are known, and updated appraisals are completed on City properties, the item will be brought back to Council for consideration.

At the request of Ms. Magdich, Mr. Clovis explained property coverage and replacements costs, using the Carnegie Forum as an example if it were damaged. Based on an appraisal and the listed value, the building would be reconstructed as is and upgraded to today's codes and standards; however, the listed value must be based on what it would reasonably cost to rebuild the structure at today's cost.

In response to Council Member Nakanishi, Mr. Clovis stated that none of the CJPRMA members has a negative balance in the pool and all entities share equally.

In response to Council Member Johnson, Mr. Clovis stated that, unfortunately, CJPRMA's rate of return on investments recently has been poor at roughly 6 to 7 percent, but it invests conservatively to protect its portfolio.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:59 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, SEPTEMBER 21, 2016

C-1 Call to Order / Roll Call - N/A

C-2 Announcement of Closed Session - N/A

C-3 Adjourn to Closed Session - N/A

C-4 Return to Open Session / Disclosure of Action - N/A

A. Call to Order / Roll Call

The Regular City Council meeting of September 21, 2016, was called to order by Mayor Pro Tempore Kuehne at 7:00 p.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Absent: Mayor Chandler
Also Present: City Manager Schwabauer, Deputy City Attorney Fukasawa, and City Clerk Ferraiolo

B. Presentations

B-1 Presentation of Certificate of Appreciation to Family of Rowland Cheney for Art Contributions to City of Lodi and Arts Commission (PRCS)

Mayor Pro Tempore Kuehne presented a certification of appreciation to Rowland Cheney's son, Zac Cheney, and daughter, Marin Whitaker, in recognition of Mr. Cheney's art contributions to the City of Lodi and the Arts Commission.

B-2 Fire Prevention Week Proclamation (FD)

Mayor Pro Tempore Kuehne presented a proclamation to Fire Chief Larry Rooney proclaiming October 9-15, 2016, as "Fire Prevention Week" in Lodi. Chief Rooney stated the theme of this year's Fire Prevention Week is "Don't Wait; Check the Date" on smoke detector batteries and encouraged all homeowners to practice escape plans, determine a family meeting place to ensure everyone escapes safely, and to contact the Fire Department if assistance is needed with smoke detectors.

B-3 Firefighter Memorial Month Proclamation (FD)

Mayor Pro Tempore Kuehne presented a proclamation to Fire Chief Larry Rooney proclaiming October 2016 as "Firefighter Memorial Month" in the City of Lodi. Chief Rooney reported that the Firefighter Memorial will take place on October 15, 2016, from 11:30 a.m. to 1:00 p.m. at the State Capital and stated he is extremely proud of the men and women who serve as firefighters.

B-4 Lodi Fire Department Pink October Breast Cancer Awareness Month Fundraiser Proclamation (FD)

Mayor Pro Tempore Kuehne presented a proclamation to Lodi Fire Engineer and 2nd Vice President of the Lodi Professional Firefighters, Roger Varwig, and Fire Chief Larry Rooney in honor of the Lodi Fire Department Pink October Breast Cancer Awareness Month fundraiser in Lodi during the month of October 2016. Fire Engineer Varwig announced this is the sixth year

that Lodi Fire Department has participated in Pink October Month and that over $20,000 has been donated to related charities. Engineer Varwig stated that firefighters will be serving tables at Chili's on October 11 and 25, 2016, with 15 percent of the proceeds going to the Breast Cancer Research Foundation. Chief Rooney stated this disease touches everyone, including him personally, and expressed how proud he was of Lodi firefighters for standing up to help this community in such an important way.

B-5 #PinkPatchProject Proclamation (PD)

Mayor Pro Tempore Kuehne presented a proclamation to Lieutenant Sierra Brucia, Lodi Police Officers Association representative Andre Belaski, and Lodi Police Dispatchers Association representative Jennifer Root proclaiming the month of October 2016 as #PinkPatchProject. Lt. Brucia announced that proceeds from this fundraiser will go to Cancer Kids of San Joaquin County. Don Walters, founder of Cancer Kids, stated the organization started in Lodi 17 years ago to benefit a girl receiving treatment who is now cancer-free and from there it continued with fundraisers and benefits to assist more local families. The group ultimately expanded its geographical location to include all of San Joaquin County and changed its name from Lodi Cancer Kids to Cancer Kids of San Joaquin County. Mr. Walters explained that the organization provides financial assistance to families for travel costs, grocery money, co-payments, and other items not otherwise covered by insurance. Cancer Kids assists 50 to 60 families every year, has a local board of directors, and runs solely on volunteer service. The money raised through #PinkPatchProject will go straight to the families in the program.

C. Consent Calendar (Reading; Comments by the Public; Council Action)

Council Member Mounce made a motion, second by Council Member Nakanishi, to approve the following items hereinafter set forth in accordance with the report and recommendation of the City Manager.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

C-1 Receive Register of Claims in the Amount of $4,474,640.41 (FIN)

Claims were approved in the amount of $4,474,640.41.

C-2 Approve Minutes (CLK)

The minutes of August 30, 2016 (Shirtsleeve Session), September 6, 2016 (Shirtsleeve Session), and September 7, 2016 (Regular Meeting) were approved as written.

C-3 Adopt Resolution Accepting Improvements Under Contract for Lodi Lake Park - Boat Launch Facility Improvements and Appropriating Funds ($46,000) (PW)

Adopted Resolution No. 2016-169 accepting the improvements under the contract for Lodi Lake Park - Boat Launch Facility Improvements and appropriating funds in the amount of $46,000.

C-4 Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with DC Frost Associates, Inc., of Walnut Creek, for Purchase of Ultra Violet Disinfection Replacement Parts ($220,000) (PW)

Adopted Resolution No. 2016-170 authorizing the City Manager to execute a Professional Services Agreement with DC Frost Associates, Inc., of Walnut Creek, for purchase of ultra violet disinfection replacement parts in the amount of $220,000.

C-5 Adopt Resolution Authorizing City Manager to Execute TASER Body Camera Contract for Four Docking Stations and Wall Mounts ($10,851.91) (PD)

Adopted Resolution No. 2016-171 authorizing the City Manager to execute the TASER Body Camera contract for four docking stations and wall mounts in the amount of $10,851.91.

C-6 Adopt Resolution Authorizing City Manager to Execute Improvement Deferral Agreement for 25, 27, and 31 East Vine Street (PW)

Adopted Resolution No. 2016-172 authorizing the City Manager to execute an Improvement Deferral Agreement for 25, 27, and 31 East Vine Street.

C-7 Adopt Resolution Approving Application for Youth Soccer and Recreational Development Program Grant for Blakely Park (PRCS)

Adopted Resolution No. 2016-173 approving the application for Youth Soccer and Recreational Development Program Grant for Blakely Park.

C-8 Request San Joaquin County Board of Supervisors Adopt 5 MPH Boating Speed Limit on the Mokelumne River Adjacent to Lodi Lake Park and Nature Area Until March 1, 2022 (PRCS)

Approved request that San Joaquin County Board of Supervisors adopt 5 mph boating speed limit on the Mokelumne River adjacent to Lodi Lake Park and Nature Area until March 1, 2022.

C-9 Adopt Resolution Approving Bylaw Changes for Lodi Arts Commission (PRCS)

Adopted Resolution No. 2016-174 approving bylaw changes for the Lodi Arts Commission.

C-10 Rescind Resolution No. 2007-72 and Adopt Resolution Approving Travel Policy in Accordance with Government Code Section 53232 (CM)

Rescinded Resolution No. 2007-72 and adopted Resolution No. 2016-175 approving the Travel Policy in accordance with Government Code Section 53232.

D. Comments by the Public on Non-Agenda Items
THE TIME ALLOWED PER NON-AGENDA ITEM FOR COMMENTS MADE BY THE PUBLIC IS LIMITED TO FIVE MINUTES.
Public comment may only be made on matters within the Lodi City Council's jurisdiction (Government Code Section 54954.3, Lodi City Council Protocol Manual Section 6.3I). The Council cannot take action or deliberate on items that are not on this agenda unless there is an emergency and the need to take action on that emergency arose after this agenda was posted (Government Code Section 54954.2(b)(2)). All other items may only be referred for review to staff or placement on a future Council agenda.

Marilyn Hughes, member of the Sheriff's boat patrol and Lodi Police Partners, kayak and paddleboat instructor, and adaptive paddling instructor for the handicapped, commented on Item C-8 regarding the 5 mile-per-hour (mph) speed limit on the Mokelumne River. The City's intention behind the 5 mph speed limit request to the San Joaquin County Board of Supervisors is to address the erosion problem at Lodi Lake; however, she added that motorized vehicles on the Lake negatively effect kayak and paddleboat users because waves swamp the boats, it creates noise pollution, and disrupts the serenity of the Nature Area. She requested Council not limit its request and, instead, ask for the entire length of the river and take over jurisdiction of the river from the Sheriff's department.

City Manager Schwabauer confirmed that the recommendation going before the County Board of Supervisors, which was approved by Council under Item C-8, is to request a 5 mph speed limit for the entire river area. He further stated that the Mokelumne River is legally in San Joaquin County's jurisdiction, Lodi's boundary ends at the south bank of the Mokelumne River, and he

was uncertain if it was possible to annex the river to Lodi.

Jay Bell also commented on Item C-8 and provided information to support the reduced speed limit, including lack of natural surface movement on the Lake to cause erosion, lack of high water level winters to cause erosion, data from several sources to support that boat wakes raise water levels and contribute to erosion, and encouragement from various agencies to reduce speed limits on boats and jet skis because of the negative effects on shore erosion, animal life, and noise pollution. He believed a strict 5 mph speed limit will lead to self enforcement and become the norm, while those exceeding the limit will be handled by law enforcement. He expressed support for the reduction of speed and thanked Council for taking this step.

In response to Council Member Nakanishi, Mr. Bell stated that the 5 mph speed limit has been suggested by many entities over the years and is likely a reasonable speed that produces the least amount of wake while still providing enough speed to traverse at a reasonable pace.

Mr. Schwabauer stated he hopes Ms. Hughes and Mr. Bell will join City staff before the San Joaquin County Board of Supervisors when this request is presented because their input will be helpful. He stated he will inform them of the date once it has been set.

Council Member Johnson recalled that he testified before the Board of Supervisors twice on this subject matter, yet the Board had no sympathy in granting Lodi an exclusive on the river because it felt the river belonged to everyone, despite Lodi's argument about safety, noise pollution, and the waterway to the west. He stated new members on the Board may be more amenable to Lodi's plight and suggested that those testifying demonstrate the proliferation of the use of kayaks, paddleboards, and canoes, which were not in existence when this issue came up previously. He believed this will be an uphill battle, but it was worthwhile to try again.

In response to Council Member Nakanishi, Mr. Schwabauer confirmed there were two deaths on the Lake at the time this issue appeared before the Board. Council Member Nakanishi stressed that the issue of safety be brought up again when presenting this request to the Board.

John Slaughterback thanked Council for addressing his concerns at the last Council meeting regarding bad debt write off, stating he was surprised to learn of the $1 million collected in late fees for utility service. He stated he hopes Lodi is not overly penalizing residents to pay for the abusers of the utility system because the collected amount seems excessive. Mr. Slaughterback stated he expected some Council Members to express concern over his suggestion to make property owners responsible for the bad debt, which is why he suggested the City consider increasing the deposit for new accounts. He stated the City must limit its losses and continue to address the amount of bad debt write off.

Council Member Nakanishi commented on the suggestion to increase the deposit, stating the City could be criticized for holding onto large deposits. He further explained that, when this issue came before Council previously, it was discovered that many people paid their bill late because it was cheaper to pay Lodi's late fee, which is what prompted Council to shorten the timelines.

In response to Council Member Mounce, Deputy City Manager Jordan Ayers explained the deposit requirement for new accounts: those with a letter of credit or reference from a prior utility showing good payment history are not required to pay a deposit; and those without references are charged a deposit based on the nature of the residence (i.e. apartment, number of bedrooms, etc.) on a sliding scale with the lowest deposit at $125 and the highest at $500. Mr. Ayers explained that the deposit is held for a period of at least 12 months and is charged back to the account for those with no late payments during that timeframe.

Marilyn Hughes stated she was involved as a Police Partner in the standoff at Needham School and commended the newspaper for handling the story well and the school district and Police Department for the excellent coordination between agencies. The Lodi Unified School District has a program called Chalkboard Connection and was able to notify parents to keep their children away from the area during the incident.

E. Comments by the City Council Members on Non-Agenda Items

Council Member Johnson commented on the recent Shirtsleeve Session regarding budget and fiscal policies, during which results of the employee survey were revealed, as well as employee comments regarding the City's budget. He believed many of the comments were well thought out and on target and suggested that feedback be given to employees and that staff follow up on some of the suggestions to determine their validity. Council Member Johnson further proposed the City conduct a similar exercise every couple of years to check in with those performing the job for ideas on how to do so more efficiently.

Mayor Pro Tempore Kuehne reported that he and Council Member Johnson participated in the Asset Based Community Development (ABCD) training on September 16 and 17, 2016, along with over 60 other attendees. He stated it was a productive time spent assessing the assets in the Heritage District, which include many schools, businesses, parks, and facilities, along with the Grape Festival grounds. He stated he was pleased that residents from the area, as well as stakeholders, participated in this worthwhile activity.

Council Member Mounce stated she considered participating in the ABCD workshop; however, she felt strongly that those living in the area should express their opinions rather than her doing so this early in the process. She stated that resident input should have been sought on the naming of the Heritage District because she believed a majority would have preferred another name. Council Member Mounce stated she looks forward to the outcome of this project, but added residents in the area were promised many things in the past, yet nothing came of those promises. She stressed that, if promises are made again to improve the neighborhood, the City must follow though to earn residents' trust. Council Member Mounce further reported that she spoke at the American University Women's Group where a member expressed her concern about the Animal Shelter. This member, who serves as a volunteer at the Shelter, stated there are over 66 cats confined in a small area, the cats contract kennel cough and do not get fresh air, and many of the cats are ultimately euthanized because the facility cannot handle the number of animals. She stressed there needs to be a balance between community and government by encouraging cat adoptions and improving the facility.

F. Comments by the City Manager on Non-Agenda Items

None.

G. Public Hearings - None

H. Communications

H-1 Appointments to the Greater Lodi Area Youth Commission (Student Members) and Post for Vacancy on Greater Lodi Area Youth Commission (Adult Advisor) (CLK)

Council Member Mounce made a motion, second by Council Member Nakanishi, to make the following appointments and direct the City Clerk to post for the following vacancies:

APPOINTMENTS:

Greater Lodi Area Youth Commission (Student Members)
Emma Colarossi, term to expire May 31, 2018
Jack Gobel, term to expire May 31, 2018
Harlie Litton, term to expire May 31, 2018
Evan Seibly, term to expire May 31, 2018
Tasha Shukla, term to expire May 31, 2018
John Rowlands, term to expire May 31, 2017

POSTING:

Greater Lodi Area Youth Commission (Adult Advisor)
Daniel Valdez, term to expire May 31, 2018

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

H-2 Monthly Protocol Account Report (CLK)

Council Member Johnson made a motion, second by Council Member Mounce, to approve the monthly Protocol Account Report through August 31, 2016.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

I. Regular Calendar

I-1 Introduce Ordinance Amending Lodi Municipal Code Title 17 - Development Code - by Repealing and Re-Enacting Section 17.30.070, "Water Efficient Landscape Requirements," in Its Entirety

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the Model Water Efficient Landscape Ordinance (MWELO). Specific topics of discussion included 2015 Updated MWELO, significant revisions, and MWELO implementation.

In response to Mayor Pro Tempore Kuehne, Mr. Swimley stated the City could be open to lawsuits if this ordinance is not adopted; however, the State has no enforcement plan in place.

Council Member Johnson questioned how this ordinance will apply to individual homeowners who want to replace their lawn, landscaping, or sprinklers, particularly those properties over 5,000 square feet. Mr. Swimley responded that for properties between 500 and 2,500 square feet, Public Works staff will review the plan and require the property owner to self-certify as to compliance if the building permit includes a landscaping plan. For those permits without a landscaping plan, staff would not be aware of any upgrades and would, therefore, not check for self-compliance. Mr. Swimley added that staff generally does not see landscaping plans with building permits. Council Member Johnson suggested that contract landscapers be made aware of the ordinance in order to encourage compliance among those putting in new sprinkler and landscaping systems. Mr. Swimley stated that staff will make all landscape contractors aware of the ordinance, adding that reconstruction projects under 2,500 square feet would not be required to do anything.

In response to Council Member Nakanishi, City Manager Schwabauer stated this ordinance applies to new development and existing residences; however, homeowners are not required to comply with this ordinance unless they make changes to their existing systems by constructing more than 2,500 square feet.

In response to Council Member Mounce, Mr. Swimley confirmed that staff is recommending amendment to Lodi's ordinance in order to comply and be consistent with the State's updated MWELO. In further response, Mr. Swimley stated that, at this point, staff is not recommending additional or administrative fees as a result of this ordinance because there is no way to anticipate how many permits will go through this process for residential development. He stated that, if staff feels it is necessary to capture additional costs, the matter will be brought back to

Council for action. Further, Mr. Swimley stated he would research how many properties there are in Lodi with over 2,500 square feet of yard.

In response to Council Member Nakanishi, Mr. Swimley stated that gray water includes water from washing machines and sinks. He stated there are systems that capture gray water to irrigate landscape, there are benefits to installing such a system, and homeowners are not required to install a gray water system. Mr. Swimley stated the State is encouraging homeowners through this ordinance to take advantage of rainwater by absorbing rainfall into the ground instead of allowing it to run into the gutter. Public Works plans to partner with the Parks, Recreation, and Cultural Service Department, which is an expert in irrigation systems and types of soil and plants that will work toward this endeavor. In further response, Mr. Swimley stated the City needs to comply with the State regulations; however, there will be a learning curve and potential adjustments as staff works with the ordinance.

In response to Council Member Mounce, Mr. Swimley encouraged citizens who are interested in using rainwater as a form of irrigation for their landscape to contact the Public Works Water Conservation Division regarding the rebate program.

In response to Mayor Pro Tempore Kuehne, Mr. Swimley stated that, at this time, there are no incentives in the ordinance for developers to install rainwater and gray water systems in new developments because the regulations are statewide and there are differing climates, land types, and water sources throughout the state.

Council Member Nakanishi requested that Council Members be provided information and the necessary rebate paperwork for rainwater collection so they can use the system and know how it works.

Marilyn Hughes stated she lives in a condominium with a homeowners association; however, the association voted down the use of rain barrels and water tolerant plants with the explanation that it is not yet a requirement. She requested Lodi notify homeowner associations that homeowners are free to install rainwater systems.

Council Member Mounce made a motion, second by Council Member Johnson, to introduce Ordinance No. 1929 amending Lodi Municipal Code Title 17 - Development Code - by repealing and re-enacting Section 17.30.070, "Water Efficient Landscape Requirements," in its entirety.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

I-2 Introduce Ordinance Amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.24, "Taxicab Transportation Service," and Chapter 5.25, "Pedicabs," in Their Entirety to Update, Standardize, and Clarify Appeal Procedures, Renewal Procedures and Requirements, Insurance Requirements, Health and Safety Requirements, and Definitions (CA)

Deputy City Attorney John Fukasawa provided a presentation regarding the amendment of ordinances governing taxicab transportation service and pedicabs. Specific topics of discussion included amendments to address deficiencies in the ordinances; review by the Police Department, Deputy City Manager, and City Clerk; Council's previous concern regarding regulations requiring the Police Department to inspect vehicles on an annual basis; amendment requiring taxicab owners and applicants to obtain certifications from licensed mechanics; and regulation to provide Police Department authority to inspect vehicles upon complaint of safety or condition of vehicle.

In response to Council Member Mounce, Mr. Fukasawa stated that Uber and Lyft are regulated

by the Public Utilities Commission (PUC) and are required to maintain a certain level of insurance and to have vehicles inspected to ensure they are in a proper, safe, and clean condition. The proposed amendments to the ordinances are intended to meet the same level as those of Uber and Lyft.

In response to Mayor Pro Tempore Kuehne, Mr. Fukasawa stated that the ordinance refines the definition of types of vehicles and that certain services, such as wine shuttles and medical transportation, will be exempt from the ordinance as they are regulated by the PUC.

Council Member Mounce made a motion, second by Council Member Johnson, to introduce Ordinance No. 1930 and Ordinance No. 1931 amending Lodi Municipal Code Title 5 - Permits and Regulations - by Repealing and Re-Enacting Chapter 5.24, "Taxicab Transportation Service," and Chapter 5.25, "Pedicabs," in their entirety to update, standardize, and clarify appeal procedures, renewal procedures and requirements, insurance requirements, health and safety requirements, and definitions.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

J. Ordinances - None

K. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 8:32 p.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, SEPTEMBER 27, 2016

A. Roll call by City Clerk

An Informal Informational Joint Meeting ("Shirtsleeve" Session) of the Lodi City Council and the Parks and Recreation Commission was held Tuesday, September 27, 2016, commencing at 7:00 a.m.

Present: Council Member Johnson, Council Member Mounce, and Mayor Pro Tempore Kuehne
Absent: Council Member Nakanishi, and Mayor Chandler
Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Council Member Mounce left the tour at roughly 7:45 a.m.

NOTE: Also in attendance from the Recreation Commission was Commissioner Larry Long.

B. Topic(s)

B-1 Tour Various Park Sites (PRCS)

Following a brief introduction by Parks, Recreation, and Cultural Services Director Jeff Hood, City Council, Recreation Commission, staff, and the public were invited to board a bus for a tour of local park facilities. Park Superintendent Steve Dutra and Park Project Coordinator Steve Virrey facilitated the tour and covered issues relating to park and equipment conditions, trees, safety and liability, lighting, costs to upgrade and replace equipment, and challenges. The tour included Emerson Park (11 North Hutchins Street), Candy Cane Park (1324 Holly Drive), Legion Park (835 South Hutchins Street), Salas Park (2001 South Stockton Street), Blakely Park (1050 South Stockton Street), and Hale Park (209 East Locust Street).

C. Comments by public on non-agenda items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 8:30 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 4, 2016

The October 4, 2016, Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was canceled.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
SPECIAL CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, OCTOBER 4, 2016

A. Call to Order / Roll Call

The Special City Council meeting of October 4, 2016, was called to order by Mayor Pro Tempore Kuehne at 7:00 a.m.

Present: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Absent: Mayor Chandler
Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

NOTE: Council Member Nakanishi arrived at 7:01 a.m.

B. Regular Calendar

B-1 Adopt Resolution Rejecting Low Bid as Non-Responsive and Awarding Contract for 2016 Downtown Concrete Cleaning to City Wide Property Service, Inc., of Sacramento ($19,980) (PW)

Public Works Director Charlie Swimley provided a PowerPoint presentation regarding the 2016 Downtown Concrete Cleaning contract. Specific topics of discussion included request from Visit Lodi! to clean the downtown sidewalks in advance of the visit from travel writers October 23-27, 2016; cleaning of sidewalks, pavers, and the star feature on Elm Street; two bids submitted with the low bidder ruled as non-responsive; and project cost of $19,980, which is higher than last year.

In response to Mayor Pro Tempore Kuehne, Mr. Swimley stated the low bidder's proposal was $14,000 and the cost of last year's project was $15,750; however, the contract did not include cleaning of the star feature on Elm Street.

Council Member Johnson stated he is a supporter of Visit Lodi! and agrees the downtown sidewalks need to be cleaned; however, he questioned if this was the most opportune time for the City to clean the sidewalks or if it was being done now solely to accommodate Visit Lodi!'s request. Mr. Swimley stated the timing is perfect because staff anticipated cleaning the sidewalks between the end of the Farmers' Market because of the heavy foot traffic and food spills and the start of the holiday season. Visit Lodi!'s request is to have the cleaning completed prior to October 23, and staff will do its best to accommodate.

Council Member Mounce stated that the streets are also in dire need of cleaning, to which Mr. Swimley stated that the cost to clean the streets in addition to the sidewalks would significantly increase the contract amount. The cleaning will focus on the concrete strips, the Americans with Disabilities Act ramps, and around the benches, while avoiding pressure washing the pavers so they stay in place.

In response to Council Member Nakanishi, Mr. Swimley stated the sidewalks were cleaned last year; however, prior to that, it had been 20 years since they were cleaned. He added that, as a routine cleaning schedule is established, the sidewalks will look even better each time it is done.

John Slaughterback expressed his opposition to contracting out work that employees should be able to handle, adding that employees should be challenged and given an opportunity to perform tasks in order to feel a sense of accomplishment. He suggested there are methods of encouraging employees to perform and they should be given benefits when they do.

Myrna Wetzel concurred with Mr. Slaughterback, stating that often agencies will contract out projects because it is cheaper; however, employees in that case are not given an opportunity to take pride in their work.

Alex Aliferis spoke in support of contracting out projects, stating it is often the best way a city can save money if it does not have the equipment, staff, or time to do a project.

City Manager Schwabauer explained that this project requires specialty equipment the City does not have because there is a requirement to recirculate the water so chemicals do not enter the stormdrain system. In addition, this project would take additional staff because the Street Maintenance Workers are occupied daily with an already full schedule. Mr. Schwabauer stated that City employees work hard and perform complicated tasks on streets and sewer and water lines and he believes they do have a sense of pride in what they do.

Mayor Pro Tempore Kuehne concurred with Council Member Mounce that the streets are also in need of cleaning and suggested using street sweepers. Mr. Swimley explained that the primary purpose of the street sweepers is to capture leaf debris and small particles to prevent them from entering the stormdrain system, but it is not effective in removing greasy spots from food spills. Downtown has a high concentration of people and many trees, so there is an increased level of street sweeping already. Mr. Swimley added that the recommended contract includes spot cleaning, but mainly for sidewalk areas.

Council Member Mounce made a motion, second by Council Member Johnson, to adopt Resolution No. 2016-176 rejecting the low bid as non-responsive and awarding the contract for the 2016 Downtown Concrete Cleaning to City Wide Property Service, Inc., of Sacramento, in the amount of $19,980.

VOTE:
The above motion carried by the following vote:
Ayes: Council Member Johnson, Council Member Mounce, Council Member Nakanishi, and Mayor Pro Tempore Kuehne
Noes: None
Absent: Mayor Chandler

C. Adjournment

There being no further business to come before the City Council, the meeting was adjourned at 7:16 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

LODI CITY COUNCIL
REGULAR CITY COUNCIL MEETING
CARNEGIE FORUM, 305 WEST PINE STREET
WEDNESDAY, OCTOBER 5, 2016

The October 5, 2016, Regular Meeting of the Lodi City Council was canceled.

ATTEST:

Jennifer M. Ferraiolo
City Clerk

AGENDA ITEM **C-03**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for 2016 Extruded Traffic Stripes, Various City Streets

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for 2016 Extruded Traffic Stripes, Various City Streets.

BACKGROUND INFORMATION: This project consisted of placing approximately 27.8 miles of extruded thermoplastic traffic stripes. Since 2009, the City has been using extruded thermoplastic traffic stripes rather than sprayed thermoplastic. The extruded thermoplastic material has proven to be the superior product.

The streets included in this project include portions of Beckman Road, Lockeford Street, Victor Road, Pine Street, Lodi Avenue, Central Avenue, Vine Street, Almond Drive, Fairmont Avenue, California Street, Holly Drive, Loma Drive, Mills Avenue, and Woodhaven Lane. See attached Exhibit A for a project location map.

The project was awarded to Centerline Striping Company, Inc., of Elk Grove, on May 4, 2016, in the amount of $52,625. The contract has been completed in substantial conformance with the specifications approved by City Council.

The contract was completed within the original contract schedule. The final contract amount was $56,517. The additional costs were due to the City requesting that bike lanes and legends be added to the scope of work on Pine Street, from the Union Pacific Railroad tracks to Cherokee Lane. Completed photos are attached in Exhibit B.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: This project will extend the useful life of the lane lines which will reduce overall maintenance costs.

FUNDING AVAILABLE: This project was funded by Fiscal Year 2015/16 Measure K.

_____
Charles E. Swimley, Jr.
Public Works Director

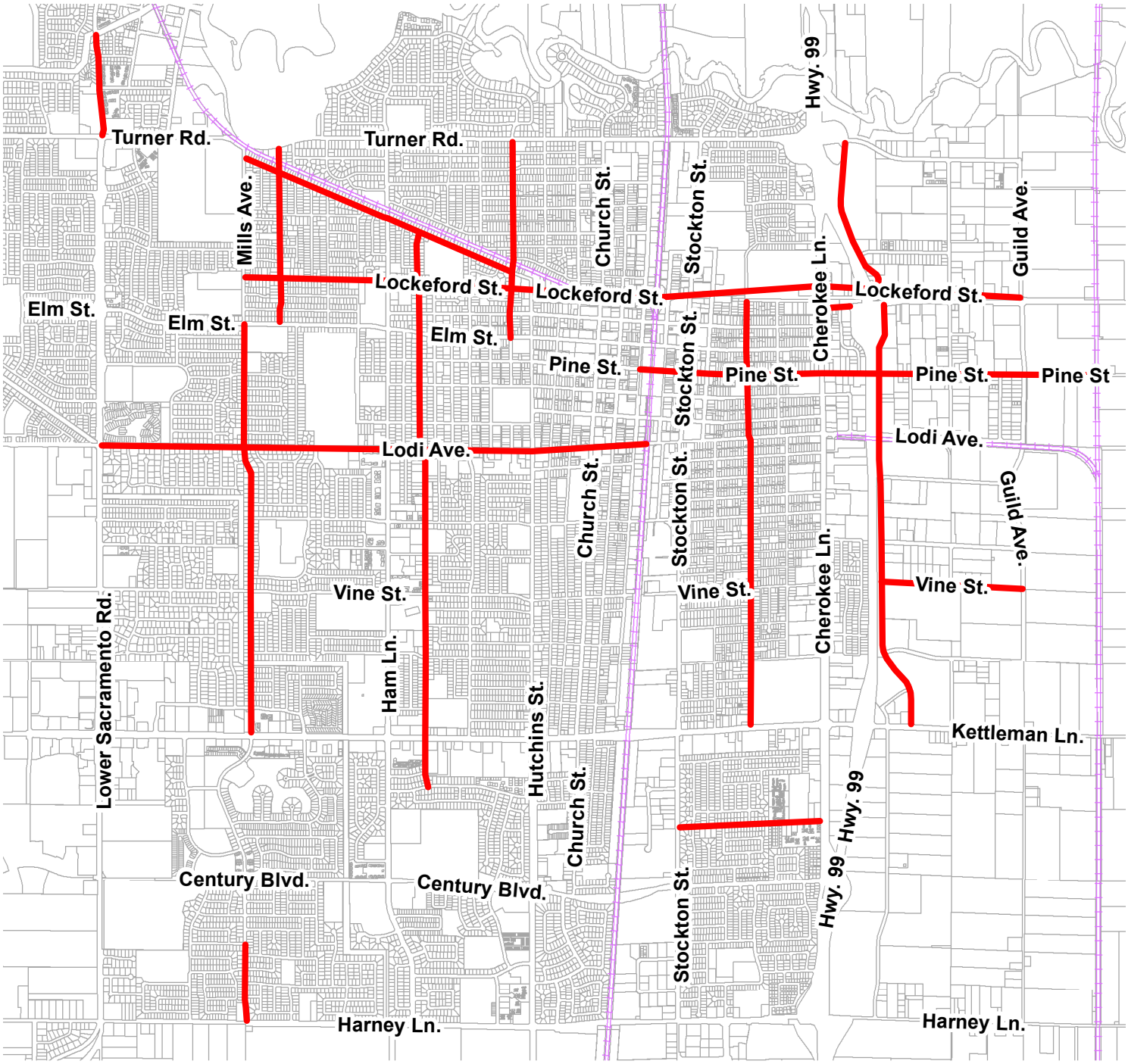
Prepared by Sean Nathan, Senior Civil Engineer
CES/SN/tdb
Attachments

cc: PW Management Analyst
A. M. Stephens Construction Company

APPROVED: _____
Stephen Schwabauer, City Manager

EXHIBIT A

2016 Extruded Traffic Stripe Locations



Project Locations

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Miles

\\CVCFILV02\PubWks$\WP\PROJECTS\STREETS\2016 Extruded Therm Traffic Stripes\Thermo-Exhibit-A.mxd

Exhibit B

AGENDA ITEM **C-04**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for Alley Improvement Project – Phase 5

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for Alley Improvement Project – Phase 5.

BACKGROUND INFORMATION: The City has reconstructed various alleys over the past six years. Specific projects are selected based on pavement condition and drainage problems.

The alley selected for this phase is located east of School Street, from De Force Avenue to Daisy Avenue. The project included approximately 13,000 square feet of pavement removal and replacement, 700 square feet of new alley approach concrete, 265 feet of storm drain extension, and other incidental and related work.

The project was awarded to A. M. Stephens Construction Company, Inc., of Lodi, on June 1, 2016, in the amount of $129,787. The contract has been completed in substantial conformance with the specifications approved by City Council.

The contract was completed within the original contract amount and schedule. Photos of completed work are shown in Exhibit A.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: The project will reduce maintenance costs in the reconstructed alleys.

FUNDING AVAILABLE: This project was funded by 2014 Community Development Block Grant funds made available through San Joaquin County (Project 14.11).

Charles E. Swimley, Jr.
Public Works Director

Prepared by Sean Nathan, Senior Civil Engineer
CES/SN/tdb
Attachment

cc: PW Management Analyst
Neighborhood Services Manager
A. M. Stephens Construction Company

APPROVED: _____
Stephen Schwabauer, City Manager

Exhibit A

AGENDA ITEM **C-05**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for Kofu Park Americans with Disabilities Act Improvements Project

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for Kofu Park Americans with Disabilities Act Improvements Project.

BACKGROUND INFORMATION: This project was located at the Kofu Park west parking lot and concession building as shown on Exhibit A. This project consisted of removing and replacing the non Americans with Disabilities Act (ADA)-compliant ramps and sidewalk, installing one ADA-compliant parking stall with appropriate signage and striping, and other incidental and related work.

The contract was awarded to A. M. Stephens Construction Company, Inc., of Lodi, in the amount of $92,500, on July 6, 2016. The contract has been completed in substantial conformance with the plans and specifications approved by City Council.

The contract completion date was September 14, 2016. The final contract price was $100,585. The difference between the contract amount and the final contract price is due to one change order. The City requested change order ($8,085) included the replacement of a concrete path between the City's Fleet Service building and the skate park to meet ADA requirements. Photos of the completed project are attached in Exhibit B.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: The long term fiscal impact is negligible.

FUNDING AVAILABLE: This project was funded by Community Development Block Grant (CDBG).

Charles E. Swimley, Jr.
Public Works Director

Prepared Dorothy Kam, Assistant Traffic Engineer
CES/DK/tdb
Attachments

cc: City Engineer/Deputy Public Works Director
Public Works Management Analysis
Neighborhood Services Manager/LodiGRIP Program Manager
Parks, Recreation and Cultural Services Director
AM Stephens Construction Company

APPROVED: _____
Stephen Schwabauer, City Manager

EXHIBIT A

Kofu Park ADA Improvements

Location Map

N
W E
S

User: dkam

Path: G:\ESRI Maps\Traffic\Exhibits\Kofu CPSA - Exhibit A.mxd

EXHIBIT B

Kofu Park ADA Improvements Project Acceptance Pictures

Concrete Ramps with Hand Rail at Concession Building

Accessible Parking Stalls and Pathway

AGENDA ITEM **C-06**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Accept Improvements Under Contract for 2016 Storm Drainage Improvements

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Accept improvements under contract for 2016 Storm Drainage Improvements.

BACKGROUND INFORMATION: This project consisted of various improvements to the City's storm drainage system. The improvements included replacing approximately 1,630 feet of eight-inch storm drain pipe with new 12-inch pipe in School Street (Lockeford Street to Forrest Avenue), extending 220 feet of storm drain pipe into the alley off School Street (south of Olive Court), and extending 320 feet of storm drain pipe in Lee Street (north of Oak Street). The pipe replacement was necessary to address severely damaged pipe and to improve system performance. The pipe extensions were necessary to drain low spots in the public right-of-way that exceeded four inches in depth.

The project was awarded to Mozingo Construction, Inc., of Oakdale, on June 15, 2016, in the amount of $359,715. The contract has been completed in substantial conformance with the specifications approved by City Council.

The contract was completed within the original contract schedule. The final cost of the project was $377,366. The difference between the contract amount and the final contract price was primarily due to unknown conditions resulting in additional excavation and haul-off in School Street to remove a five-inch thick concrete section located beneath the asphalt. The project locations are shown in Exhibit A and photos of construction are shown in Exhibit B.

Following acceptance by the City Council, as required by law, the City Engineer will file a Notice of Completion with the County Recorder's office. The notice serves to notify vendors and subcontractors that the project is complete and begins their 30-day period to file a stop notice requiring the City to withhold payments from the prime contractor in the event of a payment dispute.

FISCAL IMPACT: These improvements will decrease maintenance related to the failing pipe and the pavement deterioration at the low spots.

FUNDING AVAILABLE: This project was funded by Wastewater Capital (531).

_____
Charles E. Swimley, Jr.
Public Works Director

Prepared by Sean Nathan, Senior Civil Engineer
CES/SN/tdb
Attachments

cc: PW Management Analyst, Utility Manager, Mozingo Construction

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APPROVED: _____
Stephen Schwabauer, City Manager

Exhibit A
2016 Storm Drainage Improvements

Legend

Project Locations

N
W E
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0 250 500 1,000
Feet

Exhibit B

AGENDA ITEM **C-07**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Accepting Lodi Shopping Center Public Improvements; Receiving Dedication of Real Property known as I-2 Storm Drain Basin (APN 058-03-018) and All Associated Offsite Public Improvements; Amending Traffic Resolution No. 97-148 by Approving Through Street on Westgate Drive from Kettleman Lane to the South Boundary of the Lodi Shopping Center; and Further Approving No-Parking Zones on the West Side of Lower Sacramento Road from Kettleman Lane to South Boundary of the Lodi Shopping Center and Appropriating Funds ($252,763)

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution accepting Lodi Shopping Center public improvements; receiving dedication of real property known as I-2 Storm Drain Basin (APN 058-03-018) and all associated offsite public improvements; amending Traffic Resolution No. 97-148 by approving through street on Westgate Drive from Kettleman Lane to the south boundary of the Lodi Shopping Center; and further approving no-parking zones on the west side of Lower Sacramento Road from Kettleman Lane to South Boundary of the Lodi Shopping Center and appropriating funds in the amount of $252,763.

BACKGROUND INFORMATION: Lodi Shopping Center is located at the southwest corner of the Kettleman Lane/Lower Sacramento Road intersection, as shown on Exhibit A. The public improvements at Lodi Shopping Center have been completed in substantial conformance with the requirements of the Improvement Agreement between the City of Lodi, Walmart Real Estate Business Trust, and BDC Lodi III, L.P., approved by City Council on June 3, 2015.

The public improvements include street widening on Lower Sacramento Road and Kettleman Lane, construction of Westgate Drive along the west project boundary from Kettleman Lane to the south boundary of the Lodi Shopping Center, modification of the southeast leg of the existing traffic signal at Kettleman Lane and Westgate Drive, installation of a new traffic signal on Lower Sacramento Road to provide signalized access to the project and Food 4 Less driveway, and the extension of public utilities in Lower Sacramento Road, Westgate Drive, and along the south boundary of the Lodi Shopping Center between Lower Sacramento Road and Westgate Drive.

The streets to be accepted are as follows:

Streets	**Length in Miles**
Lower Sacramento Road*	0.00
Kettleman Lane*	0.00
Westgate Drive	0.24
Total New Miles of City Streets	***0.24***

*The street dedication for Kettleman Lane and Lower Sacramento Road consists of minor pavement widening, landscape and irrigation improvements in an existing street right-of-way and did not add additional miles to the City's street system.

Walmart Real Estate Business Trust, and BDC Lodi III, L.P. (collectively, Developer) was required to dedicate and construct the I-2 Basin facility located west of Lower Sacramento Road (Exhibit B) and all associated offsite

---

APPROVED: _____
Stephen Schwabauer, City Manager

public improvements to accommodate storm drainage from the new development. The construction of the basin facility is complete.

The developer realigned the domestic outfall pipeline and the industrial waste outfall pipeline between Lower Sacramento Road and Westgate Drive along the southern boundary of the development, and extended the domestic outfall south along the future alignment of Westgate Drive to its intersection with the existing domestic outfall pipelines as shown on Exhibit B. The City agreed to fund the pipeline material cost (excluding installation) of $252,763 for both pipelines.

The public improvements installed by this project will be maintained by the City. As a condition of acceptance, the developer is obligated to warranty all public improvements for a period of two years after the date of acceptance by City Council, and execute the attached Agreement for Maintenance of Private Improvements (Exhibit C). The agreement transfers the landscape maintenance obligation from the City to the Developer for that portion of State Route Highway 12 that lies adjacent to the Lodi Shopping Center including the landscape median.

An amended billing schedule (Exhibit D) reflects the adjusted pipe material reimbursement ($252,763) and the adjusted amounts owed ($6,873.62) to satisfy the Developer's obligation to pay for their share of existing improvements that were constructed by others. The pipe material reimbursement requires an appropriation from the wastewater fund in the amount of $252,763. The final amount due to the Developer is $245,889.91.

Staff recommends Council adopt a resolution amending Traffic Resolution No. 97-148, by approving through street on Westgate Drive from Kettleman Lane to the south boundary of the Lodi Shopping Center. In addition, Staff recommends no-parking zones on the west side of Lower Sacramento Road from Kettleman Lane to the south boundary of the Lodi Shopping Center (Exhibit E).

In accordance with Resolution No. 2009-58, the Developer shall invest an aggregate value, (minimum of $700,000) within the Lodi Downtown area, as defined by the Community Development Director. The investment may be in form of construction, rehabilitation, acquisition, tenant improvements, and/or other improvements. The downtown investment shall be funded no later than seven and a half years from the issuance of the final certificate of occupancy of the Walmart store.

FISCAL IMPACT: There will be an increase in long term maintenance costs for public infrastructure and City services such as police and fire services.

FUNDING AVAILABLE: Requested appropriation:

Wastewater Capital Fund (531) - $252,763

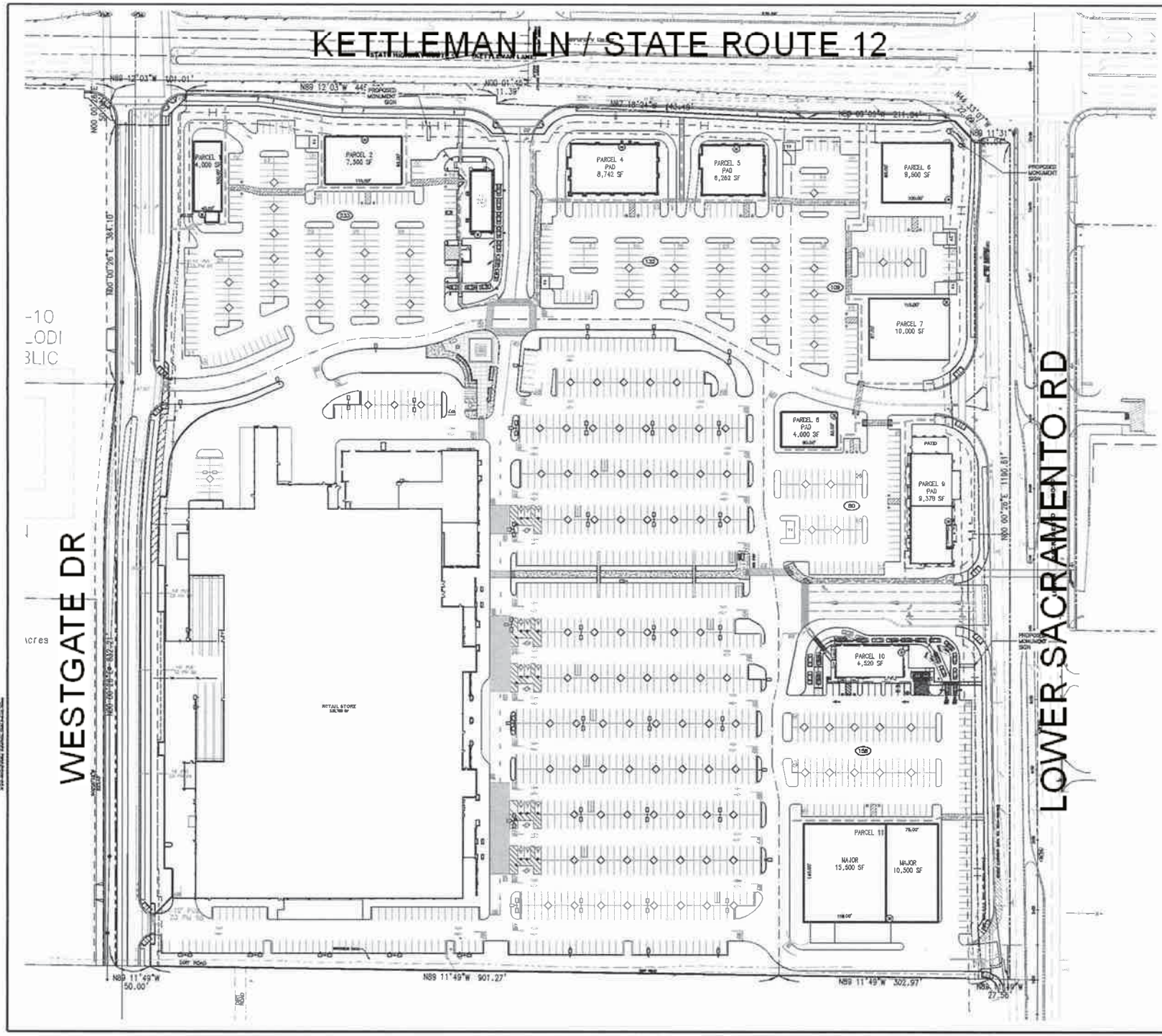
_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
Charles E. Swimley, Jr.
Public Works Director

Prepared by Lyman Chang, City Engineer/Deputy Public Works Director
CES/LC/tdb
Attachments

cc: City Attorney Magdich
Senior Engineering Technician Wiman
Assistant Engineer Sobin
Public Works Management Analyst
Walmart Real Estate Business Trust
Browman Development Company
Gresham Savage Nolan & Tilden

Exhibit A



LEGEND:

- PROPOSED TRANSFORMER LOCATION
- PROPOSED METER SERVICE LOCATION
- PROPOSED ADA PATH OF TRAVEL
- PROPOSED 25' SETBACK LINE

LAND USE SUMMARY:

ZONING:
C-S COMMERCIAL SHOPPING DISTRICT

BUILDING AREAS:

PAD 1	4,000 SF
PAD 2	7,500 SF
PAD 3	3,132 SF
PAD 4	8,742 SF
PAD 5	6,262 SF
PAD 6	8,500 SF
PAD 7	10,000 SF
PAD 8	4,000 SF
PAD 9	9,378 SF
PAD 10	4,520 SF
PAD 11	26,000 SF
TOTAL	92,034 SF*

PARKING:
TOTAL PARKING STALLS: 712*
PARKING RATIO: 7.73/1,000 SF*

*DOES NOT INCLUDE MAJOR BUILDING.

1 inch = 30 ft.

BROWMAN DEVELOPMENT COMPANY, INC.

	DESCRIPTION	BY	APP

RSC ENGINEERING

PROJECT NO. 018-004
DRAWN BY: RSC Eng
CHECKED BY: RSC Eng
DESIGNED BY: RSC Eng

PRELIMINARY SITE PLAN
LODI SHOPPING CENTER
KETTLEMAN LANE & LOWER SACRAMENTO ROAD
LODI, CA

SHEET TITLE
SITE PLAN

SHEET NO.
SP1
OF 1

DATED: OCTOBER 6, 2014

EXHIBIT B
I-2 STORM DRAIN BASIN
LOCATION MAP

N
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S

1 inch = 400 feet

Path: K:\WP\DEV_SERV\Developments\Commercial-Industrial\Lodi Shopping Center\improvement agreement\final\C_Exhibit_B.mxd

Exhibit C

WHEN RECORDED, RETURN TO:
City Clerk
City of Lodi
221 West Pine Street
Lodi, CA 95240

Lodi, California
Store No. 1789-03

AGREEMENT FOR MAINTENANCE OF PRIVATE IMPROVEMENTS
WITHIN STATE HIGHWAY RIGHT OF WAY ALONG
STATE ROUTE 12 FRONTAGE OF THE LODI SHOPPING CENTER DEVELOPMENT
(APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24)

THIS AGREEMENT is made and entered into by and between the CITY OF LODI, a municipal corporation ("City"), and Walmart Real Estate Business Trust and BDC Lodi III, a California limited partnership (collectively "Developer"), collectively "Parties".

RECITALS:

WHEREAS, BDC Lodi III recorded a parcel map for on August 28, 2015 in Book 26 of Parcel Maps, at Page 29 in the Office of the San Joaquin County Recorder, creating Assessor's Parcel Numbers 058-030-12, 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24, 058-030-25, 058-030-26, 058-030-27, 058-030-28, and 058-030-29, to develop a commercial shopping center known as LODI SHOPPING CENTER located south of State Route 12 (Kettleman Lane) and west of Lower Sacramento Road, in the City of Lodi; and

WHEREAS, BDC Lodi III is the owner of those parcels known as APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24, 058-030-25, 058-030-26, 058-030-27, 058-030-28, and 058-030-29; and

WHEREAS, Walmart Real Estate Business Trust is the owner of APN 058-030-12, located with the LODI SHOPPING CENTER; and

WHEREAS, the Developer is required as a condition of development for the commercial shopping center, to install and maintain private landscape and irrigation improvements along the State Route 12 frontage of the LODI SHOPPING CENTER development (impacting APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, and 058-030-24); and

WHEREAS, a portion of the required landscape and irrigation improvements will encroach into the State Route 12 right-of-way; and

WHEREAS, an encroachment permit must be obtained from the State of California Department of Transportation ("Caltrans"), to allow the installation and maintenance of the encroaching improvements; and

WHEREAS, the Caltrans has required that the City obtain the encroachment permit and execute an Agreement for maintenance of the encroaching improvements;

NOW THEREFORE, the Parties agree as follows:

1. City has entered into an agreement with Caltrans entitled "Agreement for Maintenance of Landscape Area Within State Right of Way, State Route 12 in the City of Lodi" dated June 15, 2015, which includes the encroaching improvements to be constructed within the LODI SHOPPING CENTER development ("Caltrans Agreement"). The Caltrans Agreement is attached hereto as Exhibit A and hereby made a part hereof.

2. Developer agrees to assume all responsibilities of City under the terms of the Caltrans Agreement for maintenance of the private landscape and irrigation improvements along and within the State Route 12 frontage of the LODI SHOPPING CENTER development with the exception of the storm drainage system, median concrete curbing, and the paved travel way (with the exception of the irrigation lines within the paved travel way serving the landscape improvements ("Area of Improvements"). The location of the Area of Improvements is shown in Exhibit A. City is to incur no expense in the installation or on-going maintenance and repair of the Improvements.

3. Developer agrees to save, defend, indemnify and hold harmless the City, its officers, elected and appointed officials, agents, and employees, from liability of any nature whatsoever arising from Developer's installation, or maintenance of the improvements, or Developer's use or occupation of the Area of Improvements. It is the intent of the Parties that neither City, its officers, elected and appointed officials, agents or employees is responsible to any injury, damage or liability occurring by reason of anything done or omitted to be done by Developer in the Area of Improvements.

4. Developer further agrees to save, defend, indemnify and hold harmless the City, its officers, elected and appointed officials, agents and employees from damage of any sort occasioned by Caltrans' entry upon, use, removal of improvements or occupation of the Area of Improvements.

5. This Agreement shall run with the land and be binding on the Developer, its heirs, successors or assigns.

6. All correspondence to Developer shall be mailed to the following addresses:

BROWMAN DEVELOPMENT COMPANY
Attn: Darryl Browman
1556 Parkside Drive
Walnut Creek, CA 94596

BROWMAN DEVELOPMENT COMPANY
Attn: Mario Albert, Esq.
1556 Parkside Drive
Walnut Creek, CA 94596

Wal-Mart Real Estate Business Trust
Attn: Real Estate Manager
(Ref: Lodi, California Store No. 1789-03)
2001 SE 10th Street
Bentonville, AR 72716-0550

Wal-Mart Real Estate Business Trust
Attn: President
(Ref: Lodi, California Store No. 1789-03)
2001 SE 10th Street
Bentonville, AR 72716-0550

Gresham, Savage Nolan & Tilden
Attn: J. Matthew Wilcox, Esq.
(Ref: Lodi, California Store No. 1789-03)
550 E. Hospitality Lane, Suite 300
San Bernardino, CA 92408-4205

7. Herein is set forth the entire agreement between the Parties. The performance of these conditions constitutes full performance and shall relieve City of all further obligations or claims, with respect to the installation and maintenance of the improvements located within the Area of Improvements.

8. In the event either party hereto breaches the terms, conditions and covenants of this Agreement, then, the prevailing party in any suit to enforce this Agreement or restrain the breach thereof, shall in addition to any other relief or damages awarded, be entitled to a reasonable attorney's fee and all costs of suit to be set and determined by any court of competent jurisdiction and added to any judgment obtained.

9. This Agreement, and the attachments thereto, shall be recorded in the office of the San Joaquin County Recorder, 44 N. San Joaquin Street, Suite 260, Stockton, California, 95202.

10. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, Developer and City have caused their names to be hereunto affixed and the City of Lodi has caused its corporate name and seal to be hereunto affixed by its proper officers thereunto duly authorized.

BDC Lodi III, a California limited partnership

By: _____
Name: _____
Its: _____
Date: _____

WAL-MART REAL ESTATE BUSINESS TRUST
a Delaware statutory trust

By: _____
Name: L. B. Johnson
Its: Vice President of Real Estate
Date: 8-15-2016

(CORPORATE SEAL)

CITY OF LODI, A MUNICIPAL CORPORATION

By: _____ _____
Stephen Schwabauer, City Manager Date

ATTEST:

_____ _____
Jennifer M. Ferraiolo, City Clerk Date

APPROVED AS TO FORM:

_____
Janice D. Magdich, City Attorney

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF ARKANSAS)
)
COUNTY OF BENTON)

On August 15, 2016 before me, Jane Bennett, Notary Public
(insert name and title of the officer)
personally appeared L. B. Johnson,
who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Jane Bennett **(Seal)**

JANE BENNETT
Commission No. 12386344
NOTARY PUBLIC
My Commission Expires January 20, 2022
BENTON, ARKANSAS

EXHIBIT A

10/28/13
TR-10-13-0005
SJ-12, PM-14.79/15.15
Planting and Irrigation System, Sidewalk, ADA Curb Ramps, Drainage System-City of Lodi

LANDSCAPE AND IMPROVEMENTS MAINTENANCE AGREEMENT WITHIN STATE HIGHWAY RIGHT OF WAY ON ROUTE 12 WITHIN THE CITY OF LODI

THIS AGREEMENT is made effective this 15th day of June, 2015, by and between the State of California, acting by and through the Department of Transportation, hereinafter referred to as "STATE" and the CITY of LODI; hereinafter referred to as "CITY" and collectively referred to as "PARTIES".

SECTION I

RECITALS

1. PARTIES desire to work together to allocate their respective obligations relative to newly constructed or revised improvements within STATE's right of way by Permit Number 1012-6MC-0763.

2. This Agreement addresses CITY responsibility for the planting and irrigation system, sidewalks/bikepaths, median concrete, ADA curb ramps, drainage system (collectively the "LANDSCAPING AND IMPROVEMENTS") placed within State Highway right of way on State Route 12, as shown on Exhibit A, attached to and made a part of this Agreement.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION II

AGREEMENT

3. In consideration of the mutual covenants and promises herein contained, CITY and STATE agree as follows:

   3.1. PARTIES have agreed to an allocation of maintenance responsibilities that includes, but is not limited to, inspection, providing emergency repair, replacement, and maintenance, (collectively hereinafter "MAINTAIN/MAINTENANCE") of LANDSCAPING AND IMPROVEMENTS as shown on said Exhibit "A."

   3.2. When a planned future improvement is constructed and/or a minor revision has been effected with STATE's consent or initiation within the limits of the STATE's right of way herein described which affects PARTIES' Division of Maintenance's responsibility as described herein, PARTIES will agree upon and execute a new dated and revised Exhibit "A" which will be made a part hereof and will thereafter supersede the attached original Exhibit "A" to thereafter become a part of this Agreement. The new exhibit can be executed only upon written consent of the PARTIES hereto acting by and through their authorized representatives. No formal amendment to this Agreement will be required.

4. CITY agrees, at CITY expense, to do the following:

4.1. CITY may install, or contract, authorizing a licensed contractor with appropriate class of license in the State of California, to install and thereafter will MAINTAIN (Section 27 of the Streets and Highways Code) LANDSCAPING AND IMPROVEMENTS conforming to those plans and specifications (PS&E) pre-approved by STATE.

4.2. CITY will submit the final form of the PS&E, prepared, stamped and signed by a licensed landscape architect, for LANDSCAPING and a licensed civil engineer for IMPROVEMENTS to STATE's District Permit Engineer for review and approval and will obtain and have in place a valid necessary encroachment permit prior to the start of any work within STATE'S right of way. All proposed LANDSCAPING AND IMPROVEMENTS must meet STATE's applicable standards.

4.3. CITY shall ensure that LANDSCAPED AND IMPROVED areas designated on Exhibit "A" are provided with adequate scheduled routine MAINTENANCE necessary to MAINTAIN a neat and attractive appearance.

4.4. An Encroachment Permit rider may be required for any changes to the scope of work allowed by this Agreement prior to the start of any work within STATE's right of way.

4.5. CITY contractors will be required to obtain an Encroachment Permit prior to the start of any work within STATE's right of way.

4.6. To furnish electricity for irrigation system controls, water, and fertilizer necessary to sustain healthy plant growth during the entire life of this Agreement.

4.7. To replace unhealthy or dead plantings when observed or within 30 days when notified in writing by STATE that plant replacement is required.

4.8. To prune shrubs, tree plantings, and trees to control extraneous growth and ensure STATE standard lines of sight to signs and corner sight distances are always maintained for the safety of the public.

4.9. To MAINTAIN, repair and operate the irrigation systems in a manner that prevents water from flooding or spraying onto STATE highway, spraying parked and moving automobiles, spraying pedestrians on public planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system or leaving surface water that becomes a hazard to vehicular or pedestrian/bicyclist travel.

4.10. To control weeds at a level acceptable to the STATE. Any weed control performed by chemical weed sprays (herbicides) shall comply with all laws, rules, and regulations established by the California Department of Food and Agriculture.

All chemical spray operations shall be reported quarterly (Form LA17) to the STATE to: District Maintenance at 1976 E. Dr. Martin Luther King Jr. Blvd.

4.11. To remove LANDSCAPING AND IMPROVEMENTS and appurtenances and restore STATE owned areas to a safe and attractive condition acceptable to STATE in the event this Agreement is terminated as set forth herein.

4.12. To inspect LANDSCAPING AND IMPROVEMENTS on a regular monthly or weekly basis to ensure the safe operation and condition of the LANDSCAPING AND IMPROVEMENTS.

4.13. To expeditiously MAINTAIN, replace, repair or remove from service any LANDSCAPING AND IMPROVEMENTS system component that has become unsafe or unsightly.

4.14. To MAINTAIN all planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system within the Agreement limits of the STATE highway right of way, as shown on Exhibit A, at CITY expense. MAINTENANCE includes, but is not limited to, concrete repair, replacement and to grind or patch vertical variations in elevation of planting and irrigations system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system for an acceptable walking and riding surface, and the removal of dirt, debris, graffiti, weeds, and any deleterious item or material on or about planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system or the LANDSCAPING AND IMPROVEMENTS in an expeditious manner.

4.15. To MAINTAIN all parking or use restrictions signs encompassed within the area of the LANDSCAPING AND IMPROVEMENTS.

4.16. To allow random inspection of LANDSCAPING AND IMPROVEMENTS, planting and irrigations system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system and signs by a STATE representative.

4.17. To keep the entire landscaped and improved area policed and free of litter and deleterious material.

4.18. All work by or on behalf of CITY will be done at no cost to STATE.

5. STATE agrees to do the following:

5.1. May provide CITY with timely written notice of unsatisfactory conditions that require correction by the CITY. However, the non-receipt of notice does not excuse CITY from maintenance responsibilities assumed under this Agreement.

5.2. Issue encroachment permits to CITY and CITY contractors at no cost to them.

6. LEGAL RELATIONS AND RESPONSIBILITIES:

6.1. Nothing within the provisions of this Agreement is intended to create duties or obligations to or rights in third PARTIES not PARTIES to this Agreement, or affect the legal liability of either PARTY to this Agreement by imposing any standard of care respecting the design, construction and maintenance of these STATE highway improvements or CITY facilities different from the standard of care imposed by law.

6.2. If during the term of this Agreement, CITY should cease to MAINTAIN the LANDSCAPING AND IMPROVEMENTS to the satisfaction of STATE as provided by this Agreement, STATE may either undertake to perform that MAINTENANCE on behalf of CITY at CITY's expense or direct CITY to remove or itself remove LANDSCAPING AND IMPROVEMENTS at CITY's sole expense and restore STATE's right of way to its prior or a safe operable condition. CITY hereby agrees to pay said STATE expenses, within thirty (30) days of receipt of billing by STATE. However, prior to STATE performing any MAINTENANCE or removing LANDSCAPING AND IMPROVEMENTS, STATE will provide written notice to CITY to cure the default and CITY will have thirty (30) days within which to affect that cure.

6.3. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by STATE under or in connection with any work, authority or jurisdiction arising under this Agreement. It is understood and agreed that STATE shall fully defend, indemnify and save harmless CITY and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this Agreement with the exception of those actions of STATE necessary to cure a noticed default on the part of CITY.

6.4. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction arising under this Agreement. It is understood and agreed that CITY shall fully defend, indemnify and save harmless STATE and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CITY under this Agreement.

7. PREVAILING WAGES:

7.1. Labor Code Compliance- If the work performed on this Project is done under contract and falls within the Labor Code section 1720(a)(1) definition of a "public work" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771. CITY must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7. CITY agrees to include prevailing wage requirements in its contracts for public work. Work performed by CITY'S own forces is exempt from the Labor Code's Prevailing Wage requirements.

7.2. Requirements in Subcontracts - CITY shall require its contractors to include prevailing wage requirements in all subcontracts funded by this Agreement when the work to be performed by the subcontractor is a "public work" as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771. Subcontracts shall include all prevailing wage requirements set forth in CITY's contracts

8. INSURANCE - CITY and its contractors shall maintain in force, during the term of this agreement, a policy of general liability insurance, including coverage of bodily injury liability and property damage liability, naming the STATE, its officers, agents and employees as the additional insured in an amount of $1 million per occurrence and $2 million in aggregate. Coverage shall be evidenced by a certificate of insurance in a form satisfactory to the STATE that shall be delivered to the STATE with a signed copy of this Agreement.

8.1. SELF-INSURED - CITY is self insured. CITY agrees to deliver evidence of self-insured coverage in a form satisfactory to STATE, along with a signed copy of the Agreement.

9. TERMINATION - This Agreement may be terminated by timely mutual written consent by PARTIES, and CITY's failure to comply with the provisions of this Agreement may be grounds for a Notice of Termination by STATE.

10. TERM OF AGREEMENT -This Agreement shall become effective on the date first shown on its face sheet and shall remain in full force and effect until amended or terminated at any time upon mutual consent of the PARTIES or until terminated by STATE for cause.

PARTIES are empowered by Streets and Highways Code Section 114 & 130 to enter into this Agreement and have delegated to the undersigned the authority to execute this Agreement on behalf of the respective agencies and covenants to have followed all the necessary legal requirements to validly execute this Agreement.

IN WITNESS WHEREOF, the PARTIES hereto have set their hands and seals the day and year first above written.

THE CITY OF LODI

By: _____
STEVE SCHWABAUER
City Manager

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

MALCOLM DOUGHERTY
Director of Transportation

ATTEST:

By: _____
JENNIFER M. FERRAIOLO
City Clerk

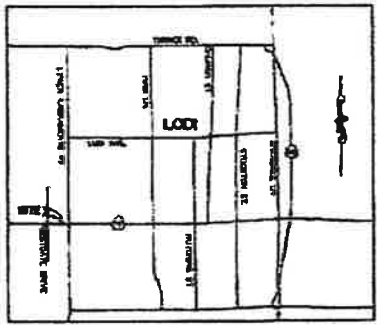
By: _____
DEBRA "SAM" HAACK
Deputy District Director
Maintenance and Operations
District 10

By: _____
JANICE MAGDICH
City Attorney

EXHIBIT "A"

LANDSCAPING AND IMPROVEMENTS

PROJECT PLANS FOR CONSTRUCTION ON STATE HIGHWAY 12



VICINITY MAP

BENCHMARK DATA

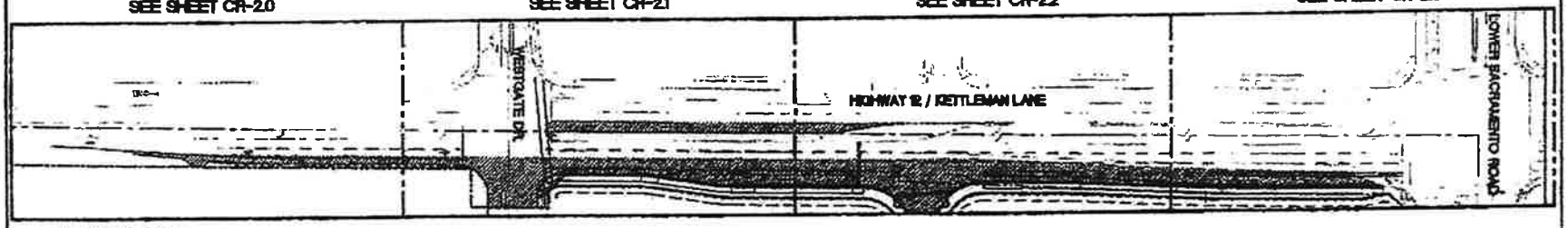
BASIS OF BEARINGS

PROJECT CONTACTS

SHEET INDEX

SHEET	DRAWING TITLE
[illegible]	[illegible]

SEE SHEET CR-2.0 | SEE SHEET CR-2.1 | SEE SHEET CR-2.2 | SEE SHEET CR-2.3



ABBREVIATIONS

GENERAL NOTES

WDID: # 5S39C370160

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-9MC-0783

PLAN SET# ____ SHEET ____ OF ____

REV. NO.	DESCRIPTION	DRAWN	BY	DATE

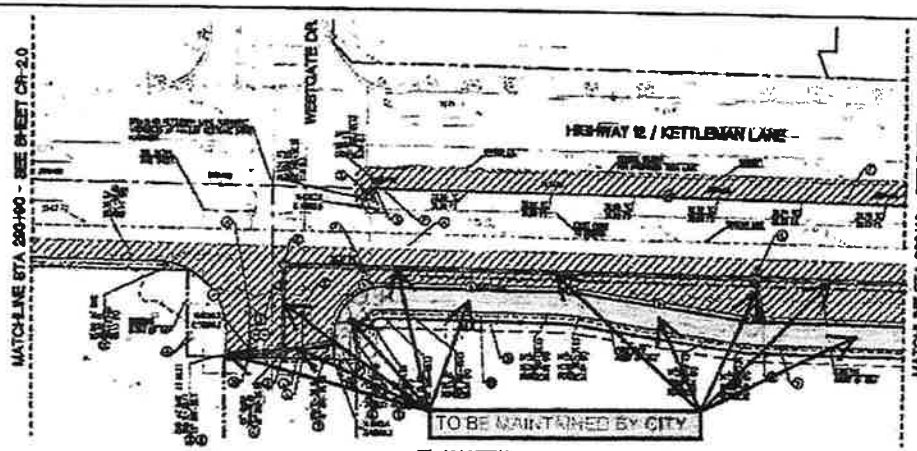
Designed By: [illegible] Date: 1/13/2015
Drawn By: [illegible]
Checked By: [illegible] Project No. [illegible]

PACLAND

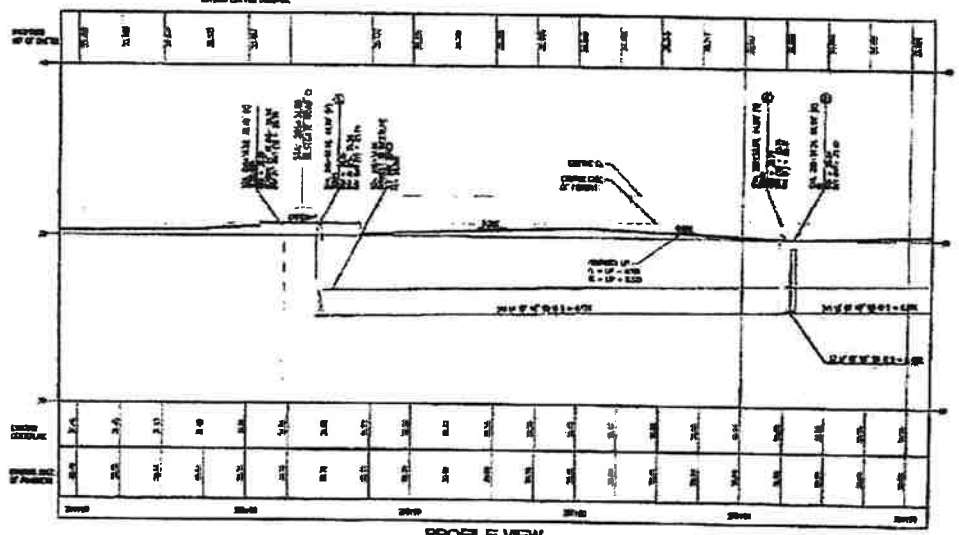
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

CALTRANS COVER SHEET

CV-1.0



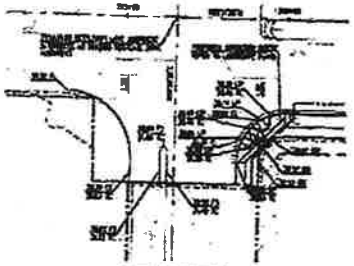
PLAN VIEW



PROFILE VIEW

CONSTRUCTION NOTES

NOTES:



DETAIL VIEW

LEGEND

CURB DATA

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-SMC-0753

PLAN SET# ____ SHEET ____ OF ____

REV. NO.	DESCRIPTION	REVISED BY	CITY ACCEPTANCE BY	DATE

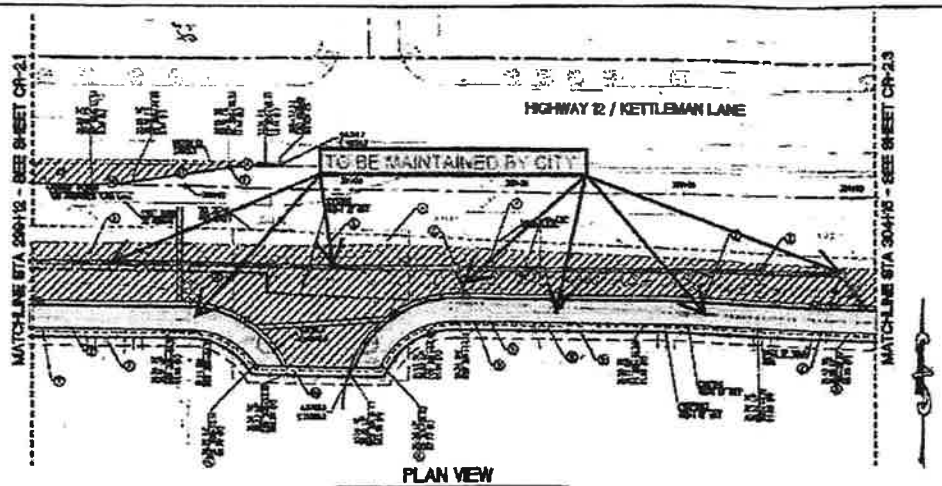
Designed By: DCE/JR
Drawn By: DR/KT
Checked By: TCK/CA
Issue Date: 1/13/2015
Project No. 4000120

PACLAND

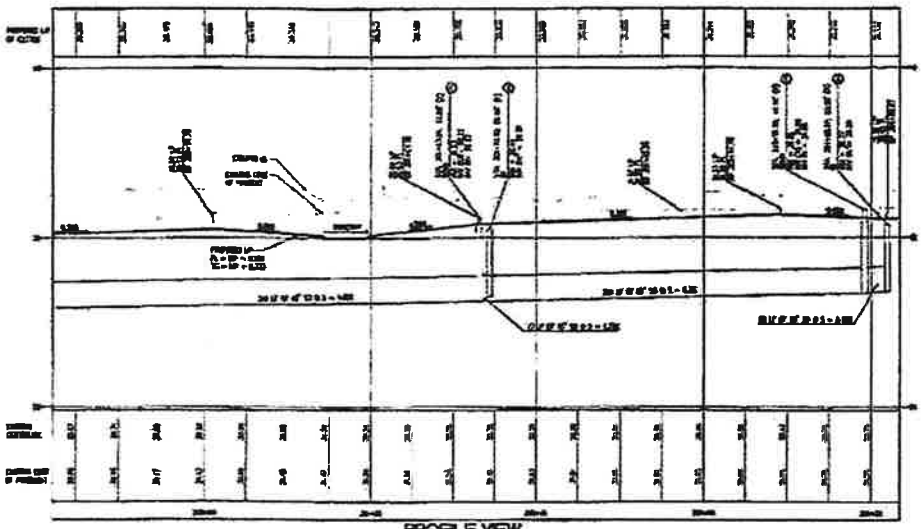
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE

CR-2.1



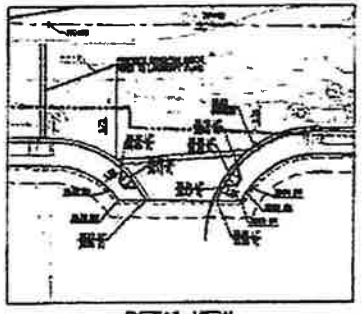
PLAN VIEW



PROFILE VIEW

CONSTRUCTION NOTES

NOTES:



DETAIL VIEW

LEGEND

CURB DATA

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-SMC-0753

PLAN SET# _____ SHEET _____ OF _____

REV NO	DESCRIPTION	CITY ACCEPTANCE		
		REC.	BY	DATE

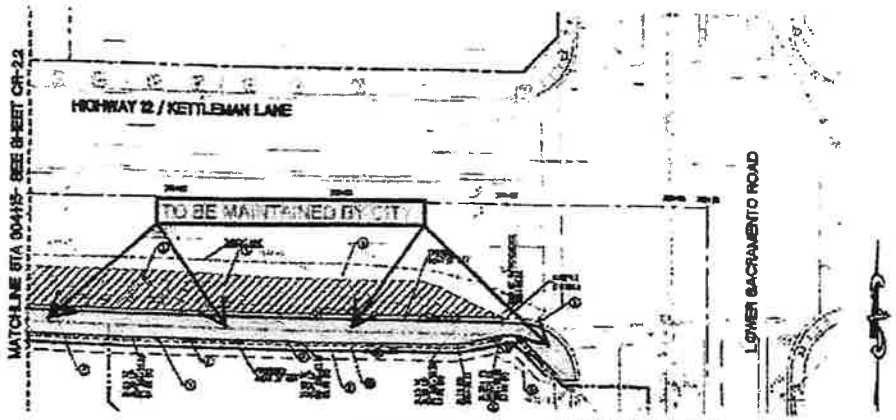
Designed By: RE/AM
Drawn By: JC/AT
Checked By: XM/JM
Issue Date: 1/13/2015
Project No.

PACLAND

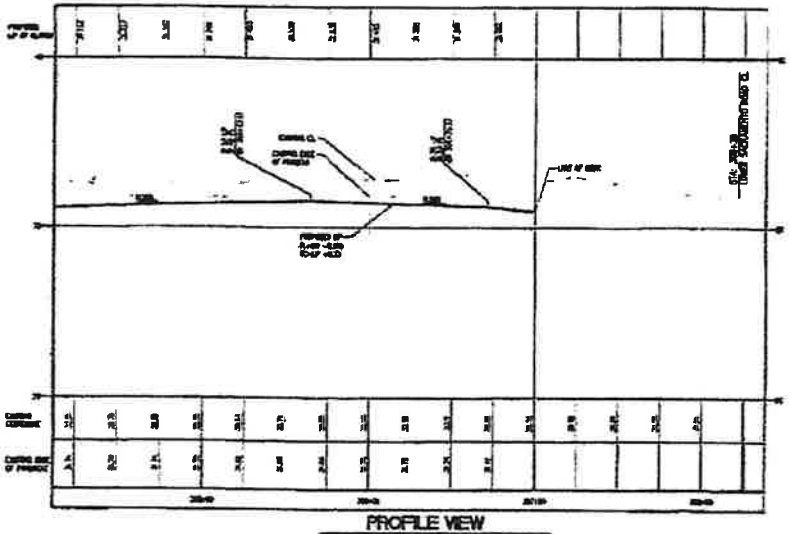
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE

CR-2.2



PLAN VIEW



PROFILE VIEW

CONSTRUCTION NOTES

NOTES:

LEGEND

CURB DATA

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

REV NO	DESCRIPTION	DATE	APPROVED BY	DATE

Designed By: CCC/DAL
Drawn By: CCC/BT
Checked By: DAL/JAL
Issue Date: 1/13/2015
CIB
Project No: 4080008

PAGLAND

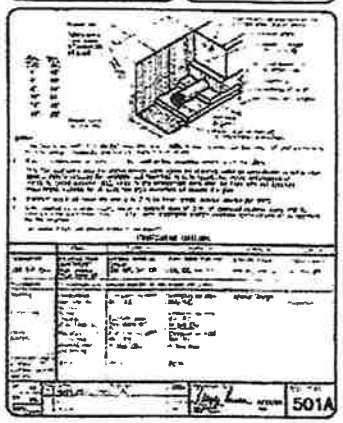
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE

CR-2.3

CITY OF LODI

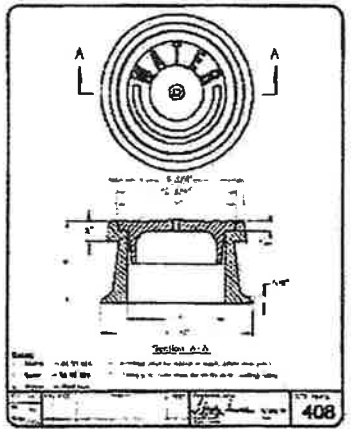
Pipe Bedding & Backfill–Flexible Pipe Trench Section



501A

CITY OF LODI

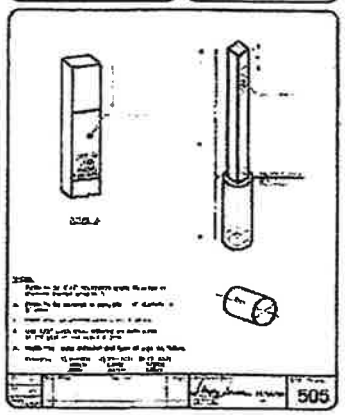
Water Valve Frame & Cover



408

CITY OF LODI

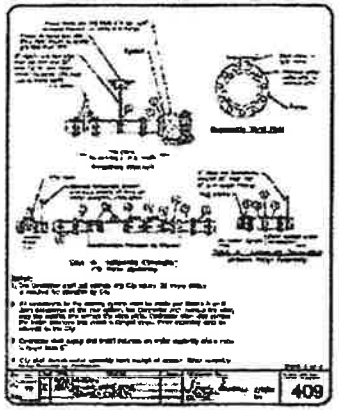
Pipe Marker



505

CITY OF LODI

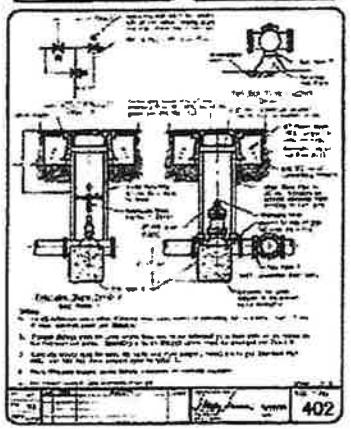
Temporary Water Blow-off and Connection Details



409

CITY OF LODI

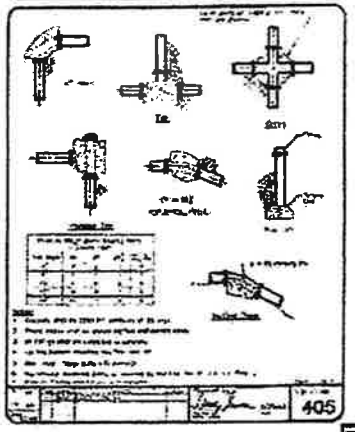
Water Valve Installation



402

CITY OF LODI

Thrust Block Requirements



405

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-8MC-0753

PLAN SET# ____ SHEET ____ OF ____

DATE NO.	DESCRIPTION	CITY REVIEW Initials DATE	BY	CHKD

Designed By: DCE/JAL
Drawn By: JCE/MT
Checked By: DCE/JAL
Issue Date: 1/11/2013
Project No.: 018 / 4000120

PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

DETAILS

CR-5.1

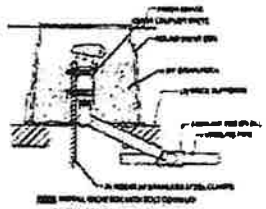
IRRIGATION NOTES

[illegible]

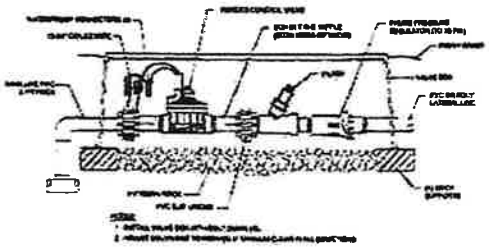
IRRIGATION LEGEND

SYMBOL	DESCRIPTION	REMARKS
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

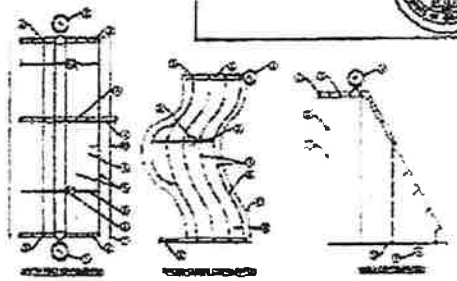
CONTROLLER STATION NUMBER
GALLONS PER MINUTE
VALVE SIZE



A- QUICK COUPLER
NTS



B- REMOTE CONTROL VALVE
NTS



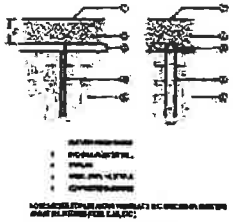
C- DRIPLINE LAYOUT DETAILS
NTS

ENCROACHMENT PERMIT PLANS

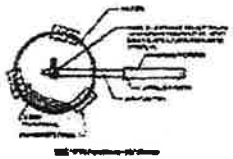
PERMIT# 1012-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

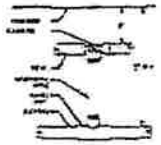
C- SLOPE FEED LAYOUT
NTS



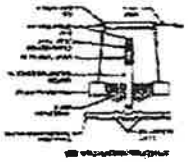
D-DRIPTUBE STAPLE
NTS



E- LINE FLUSH VALVE
NTS



F- STARTER CONNECTION
NTS



E- AIR/VACUUM RELIEF
NTS

EXHIBIT A

REV. NO.	DESCRIPTION	DATE	APPROVALS BY	APPROVALS DATE

Designed By: VS
Drawn By: VS
Checked By:
Issue Date: 01/12/2015
Project No. 6C0120

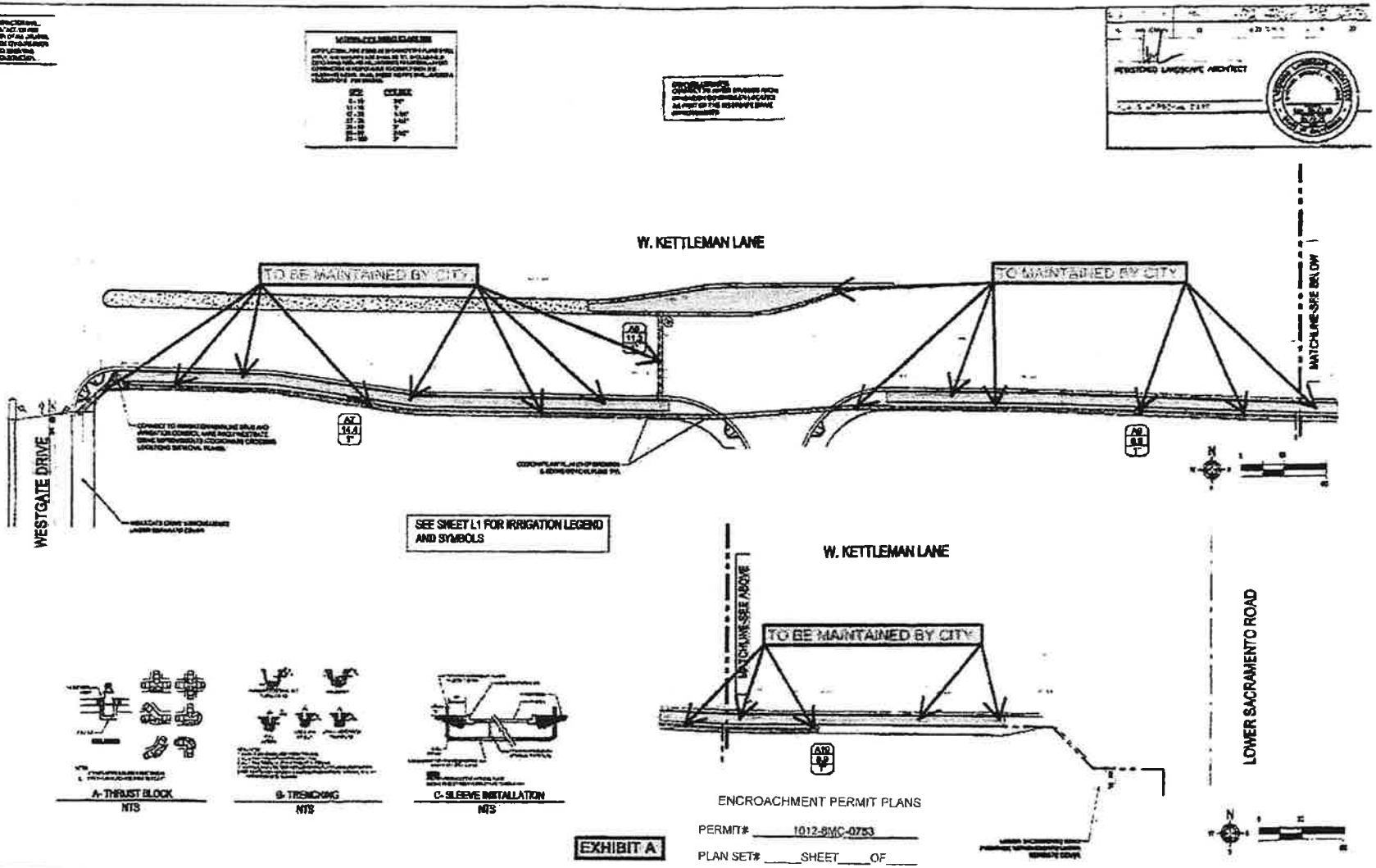
MSLA

PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

IRRIGATION LEGEND, NOTES AND DETAILS

L1

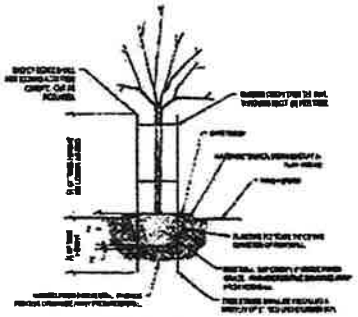

W. KETTLEMAN LANE
TO BE MAINTAINED BY CITY
TO MAINTAINED BY CITY
MATCHLINE-SEE BELOW
WESTGATE DRIVE
SEE SHEET L1 FOR IRRIGATION LEGEND AND SYMBOLS
W. KETTLEMAN LANE
MATCHLINE-SEE ABOVE
TO BE MAINTAINED BY CITY
LOWER SACRAMENTO ROAD
A- THRUST BLOCK
NTS
B- TRENCHING
NTS
C- SLEEVE INSTALLATION
NTS
ENCROACHMENT PERMIT PLANS
PERMIT# 1012-SWC-0753
PLAN SET# ____SHEET____OF____
EXHIBIT A
MSLA
PACLAND
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA
IRRIGATION PLAN
W. KETTLEMAN LANE
L2

LANDSCAPE GENERAL NOTES

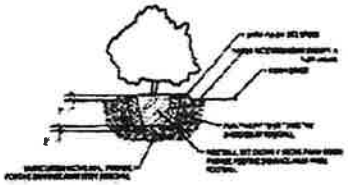
[illegible]

PLANTING NOTES

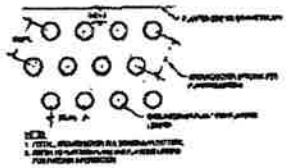
[illegible]



A- TREE PLANTING DETAIL
NTS



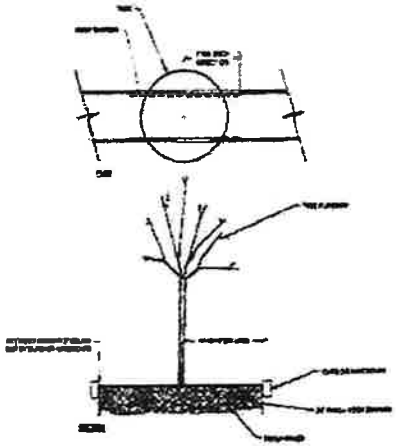
B- SHRUB PLANTING DETAIL
NTS



C- GROUNDCOVER SPACING DETAIL
NTS

PLANT LEGEND

SYM	BOTANICAL/COMMON NAME	SIZE	QTY	REMARKS
	TREES			
	[illegible] CORDATA	[illegible]	3	STANDARD
	PLATANUS ACERIFOLIA 'BLOODGOOD' / LONDON PLANE TREE	[illegible]	20	STANDARD
	SHRUBS AND GROUNDCOVERS			
	LIRIOPE MUSCARI/ TURF LILIRIOPE	1 GAL	120	30" O.C. SPACING
	[illegible] / [illegible]	1 GAL	3[illegible]	
	[illegible] / [illegible]	1 GAL	2[illegible]	
	[illegible] / [illegible]	5 GAL	[illegible]	
	[illegible] / [illegible]	1 GAL	[illegible]	
	[illegible] / [illegible]	5 GAL	[illegible]	



D- ROOT BARRIER DETAIL
NTS

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

EXHIBIT A

REV. NO.	DESCRIPTION	BY	DATE

Designed By: VS
Drawn By: VS
Checked By: JS
Issue Date: 01/7/2005
Project No. [illegible]

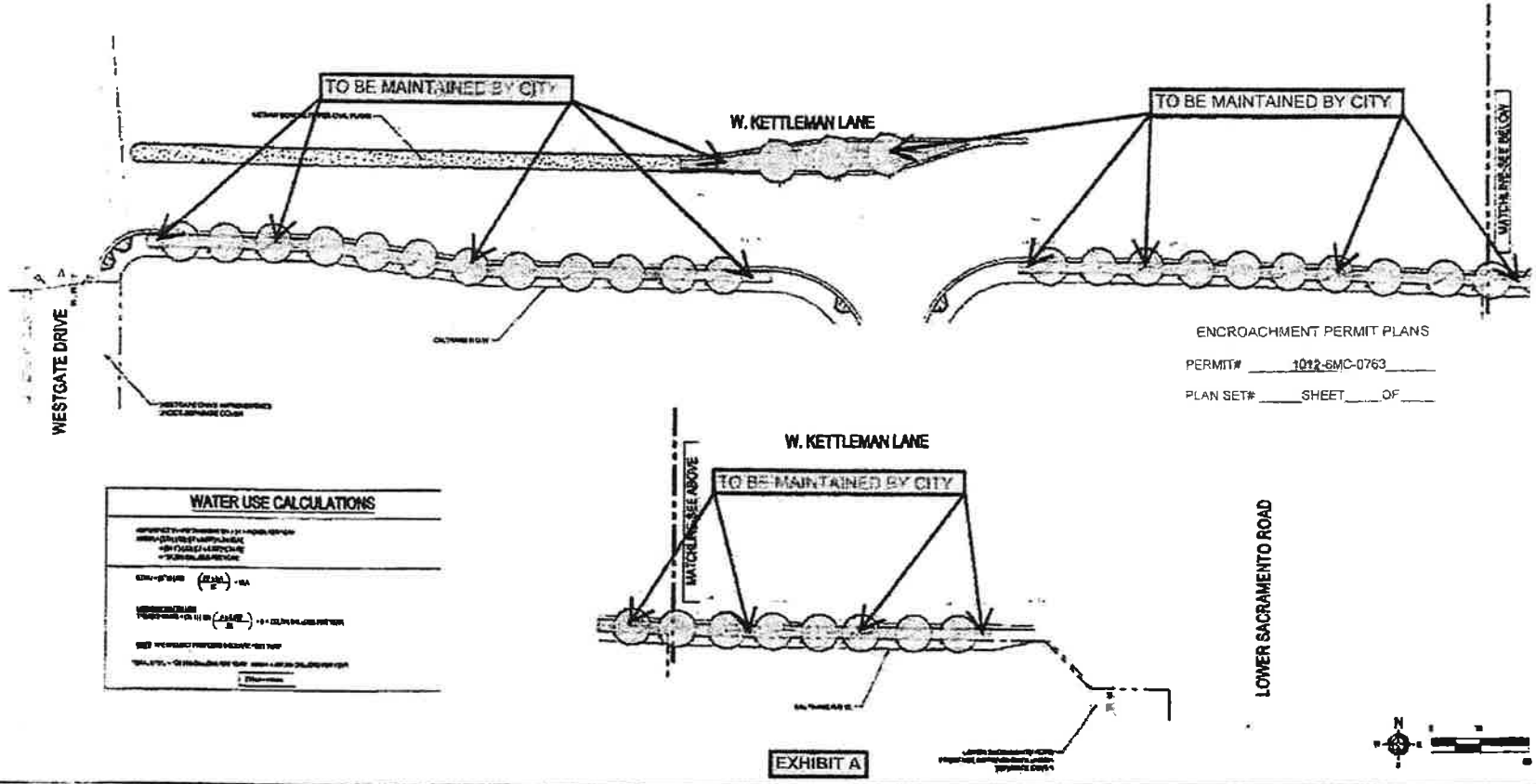
MSLA

LAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

PLANTING LEGEND, NOTES AND DETAILS

L3



ENCROACHMENT PERMIT PLANS

PERMIT# 1012-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

WATER USE CALCULATIONS

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

PLANTING PLAN
W. KETTLEMAN LANE

L4

WHEN RECORDED, RETURN TO:
City Clerk
City of Lodi
221 West Pine Street
Lodi, CA 95240

Lodi, California
Store No. 1789-03

AGREEMENT FOR MAINTENANCE OF PRIVATE IMPROVEMENTS WITHIN STATE HIGHWAY RIGHT OF WAY ALONG STATE ROUTE 12 FRONTAGE OF THE LODI SHOPPING CENTER DEVELOPMENT (APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24)

THIS AGREEMENT is made and entered into by and between the CITY OF LODI, a municipal corporation ("City"), and Walmart Real Estate Business Trust and BDC Lodi III, a California limited partnership (collectively "Developer"), collectively "Parties".

RECITALS:

WHEREAS, BDC Lodi III recorded a parcel map for on August 28, 2015 in Book 26 of Parcel Maps, at Page 29 in the Office of the San Joaquin County Recorder, creating Assessor's Parcel Numbers 058-030-12, 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24, 058-030-25, 058-030-26, 058-030-27, 058-030-28, and 058-030-29, to develop a commercial shopping center known as LODI SHOPPING CENTER located south of State Route 12 (Kettleman Lane) and west of Lower Sacramento Road, in the City of Lodi; and

WHEREAS, BDC Lodi III is the owner of those parcels known as APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, 058-030-24, 058-030-25, 058-030-26, 058-030-27, 058-030-28, and 058-030-29; and

WHEREAS, Walmart Real Estate Business Trust is the owner of APN 058-030-12, located with the LODI SHOPPING CENTER; and

WHEREAS, the Developer is required as a condition of development for the commercial shopping center, to install and maintain private landscape and irrigation improvements along the State Route 12 frontage of the LODI SHOPPING CENTER development (impacting APNs 058-030-19, 058-030-20, 058-030-21, 058-030-22, 058-030-23, and 058-030-24); and

WHEREAS, a portion of the required landscape and irrigation improvements will encroach into the State Route 12 right-of-way; and

WHEREAS, an encroachment permit must be obtained from the State of California Department of Transportation ("Caltrans"), to allow the installation and maintenance of the encroaching improvements; and

WHEREAS, the Caltrans has required that the City obtain the encroachment permit and execute an Agreement for maintenance of the encroaching improvements;

NOW THEREFORE, the Parties agree as follows:

1. City has entered into an agreement with Caltrans entitled "Agreement for Maintenance of Landscape Area Within State Right of Way, State Route 12 in the City of Lodi" dated June 15, 2015, which includes the encroaching improvements to be constructed within the LODI SHOPPING CENTER development ("Caltrans Agreement"). The Caltrans Agreement is attached hereto as Exhibit A and hereby made a part hereof.

2. Developer agrees to assume all responsibilities of City under the terms of the Caltrans Agreement for maintenance of the private landscape and irrigation improvements along and within the State Route 12 frontage of the LODI SHOPPING CENTER development with the exception of the storm drainage system, median concrete curbing, and the paved travel way (with the exception of the irrigation lines within the paved travel way serving the landscape improvements ("Area of Improvements"). The location of the Area of Improvements is shown in Exhibit A. City is to incur no expense in the installation or on-going maintenance and repair of the Improvements.

3. Developer agrees to save, defend, indemnify and hold harmless the City, its officers, elected and appointed officials, agents, and employees, from liability of any nature whatsoever arising from Developer's installation, or maintenance of the improvements, or Developer's use or occupation of the Area of Improvements. It is the intent of the Parties that neither City, its officers, elected and appointed officials, agents or employees is responsible to any injury, damage or liability occurring by reason of anything done or omitted to be done by Developer in the Area of Improvements.

4. Developer further agrees to save, defend, indemnify and hold harmless the City, its officers, elected and appointed officials, agents and employees from damage of any sort occasioned by Caltrans' entry upon, use, removal of improvements or occupation of the Area of Improvements.

5. This Agreement shall run with the land and be binding on the Developer, its heirs, successors or assigns.

6. All correspondence to Developer shall be mailed to the following addresses:

BROWMAN DEVELOPMENT COMPANY
Attn: Darryl Browman, President
1556 Parkside Drive
Walnut Creek, CA 94596

BROWMAN DEVELOPMENT COMPANY
Attn: Mario Albert, Esq.
1556 Parkside Drive
Walnut Creek, CA 94596

Wal-Mart Real Estate Business Trust
Attn: Real Estate Manager
(Ref: Lodi, California Store No. 1789-03)
2001 SE 10th Street
Bentonville, AR 72716-0550

Wal-Mart Real Estate Business Trust
Attn: President
(Ref: Lodi, California Store No. 1789-03)
2001 SE 10th Street
Bentonville, AR 72716-0550

Gresham, Savage Nolan & Tilden
Attn: J. Matthew Wilcox, Esq.
(Ref: Lodi, California Store No. 1789-03)
550 E. Hospitality Lane, Suite 300
San Bernardino, CA 92408-4205

7. Herein is set forth the entire agreement between the Parties. The performance of these conditions constitutes full performance and shall relieve City of all further obligations or claims, with respect to the installation and maintenance of the improvements located within the Area of Improvements.

8. In the event either party hereto breaches the terms, conditions and covenants of this Agreement, then, the prevailing party in any suit to enforce this Agreement or restrain the breach thereof, shall in addition to any other relief or damages awarded, be entitled to a reasonable attorney's fee and all costs of suit to be set and determined by any court of competent jurisdiction and added to any judgment obtained.

9. This Agreement, and the attachments thereto, shall be recorded in the office of the San Joaquin County Recorder, 44 N. San Joaquin Street, Suite 260, Stockton, California, 95202.

10. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

[The balance of this page is intentionally left blank.]

IN WITNESS WHEREOF, Developer and City have caused their names to be hereunto affixed and the City of Lodi has caused its corporate name and seal to be hereunto affixed by its proper officers thereunto duly authorized.

BDC Lodi III, a California limited partnership

By: Western Pacific Holdings, Inc.,
a California corporation, its general partner

By: _____
Darryl Browman, President

Date: 8/15/16

WAL-MART REAL ESTATE BUSINESS TRUST
a Delaware statutory trust

By: _____
Name: _____
Its: Vice President of Real Estate
Date: _____

(CORPORATE SEAL)

CITY OF LODI, A MUNICIPAL CORPORATION

By: _____ _____
Stephen Schwabauer, City Manager Date

ATTEST:

_____ _____
Jennifer M. Ferraiolo, City Clerk Date

APPROVED AS TO FORM:

_____
Janice D. Magdich, City Attorney

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of CONTRA COSTA)

On AUGUST 23, 2016 before me, LORI F. SKELTON, NOTARY PUBLIC,
Date *Here Insert Name and Title of the Officer*

personally appeared DARRYL BROWMAN
Name(s) of Signer(s)

,

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

LORI F. SKELTON
Commission # 2051035
Notary Public - California
Contra Costa County
My Comm. Expires Dec 6, 2017

Signature Lori F. Skelton
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: AGREEMENT FOR MAINTENANCE OF PRIVATE IMPROVEMENTS (BDC LODI III) Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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EXHIBIT A

10/28/13
TR-10-13-0005
SJ-12, PM-14.79/15.15
Planting and Irrigation System, Sidewalk, ADA Curb Ramps, Drainage System-City of Lodi

LANDSCAPE AND IMPROVEMENTS MAINTENANCE AGREEMENT WITHIN STATE HIGHWAY RIGHT OF WAY ON ROUTE 12 WITHIN THE CITY OF LODI

THIS AGREEMENT is made effective this 15th day of June, 2015, by and between the State of California, acting by and through the Department of Transportation, hereinafter referred to as "STATE" and the CITY of LODI; hereinafter referred to as "CITY" and collectively referred to as "PARTIES".

SECTION I

RECITALS

1. PARTIES desire to work together to allocate their respective obligations relative to newly constructed or revised improvements within STATE's right of way by Permit Number 1012-6MC-0763.

2. This Agreement addresses CITY responsibility for the planting and irrigation system, sidewalks/bikepaths, median concrete, ADA curb ramps, drainage system (collectively the "LANDSCAPING AND IMPROVEMENTS") placed within State Highway right of way on State Route 12, as shown on Exhibit A, attached to and made a part of this Agreement.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION II

AGREEMENT

3. In consideration of the mutual covenants and promises herein contained, CITY and STATE agree as follows:

   3.1. PARTIES have agreed to an allocation of maintenance responsibilities that includes, but is not limited to, inspection, providing emergency repair, replacement, and maintenance, (collectively hereinafter "MAINTAIN/MAINTENANCE") of LANDSCAPING AND IMPROVEMENTS as shown on said Exhibit "A."

   3.2. When a planned future improvement is constructed and/or a minor revision has been effected with STATE's consent or initiation within the limits of the STATE's right of way herein described which affects PARTIES' Division of Maintenance's responsibility as described herein, PARTIES will agree upon and execute a new dated and revised Exhibit "A" which will be made a part hereof and will thereafter supersede the attached original Exhibit "A" to thereafter become a part of this Agreement. The new exhibit can be executed only upon written consent of the PARTIES hereto acting by and through their authorized representatives. No formal amendment to this Agreement will be required.

4. CITY agrees, at CITY expense, to do the following:

4.1. CITY may install, or contract, authorizing a licensed contractor with appropriate class of license in the State of California, to install and thereafter will MAINTAIN (Section 27 of the Streets and Highways Code) LANDSCAPING AND IMPROVEMENTS conforming to those plans and specifications (PS&E) pre-approved by STATE.

4.2. CITY will submit the final form of the PS&E, prepared, stamped and signed by a licensed landscape architect, for LANDSCAPING and a licensed civil engineer for IMPROVEMENTS to STATE's District Permit Engineer for review and approval and will obtain and have in place a valid necessary encroachment permit prior to the start of any work within STATE'S right of way. All proposed LANDSCAPING AND IMPROVEMENTS must meet STATE's applicable standards.

4.3. CITY shall ensure that LANDSCAPED AND IMPROVED areas designated on Exhibit "A" are provided with adequate scheduled routine MAINTENANCE necessary to MAINTAIN a neat and attractive appearance.

4.4. An Encroachment Permit rider may be required for any changes to the scope of work allowed by this Agreement prior to the start of any work within STATE's right of way.

4.5. CITY contractors will be required to obtain an Encroachment Permit prior to the start of any work within STATE's right of way.

4.6. To furnish electricity for irrigation system controls, water, and fertilizer necessary to sustain healthy plant growth during the entire life of this Agreement.

4.7. To replace unhealthy or dead plantings when observed or within 30 days when notified in writing by STATE that plant replacement is required.

4.8. To prune shrubs, tree plantings, and trees to control extraneous growth and ensure STATE standard lines of sight to signs and corner sight distances are always maintained for the safety of the public.

4.9. To MAINTAIN, repair and operate the irrigation systems in a manner that prevents water from flooding or spraying onto STATE highway, spraying parked and moving automobiles, spraying pedestrians on public planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system or leaving surface water that becomes a hazard to vehicular or pedestrian/bicyclist travel.

4.10. To control weeds at a level acceptable to the STATE. Any weed control performed by chemical weed sprays (herbicides) shall comply with all laws, rules, and regulations established by the California Department of Food and Agriculture.

All chemical spray operations shall be reported quarterly (Form LA17) to the STATE to: District Maintenance at 1976 E. Dr. Martin Luther King Jr. Blvd.

4.11. To remove LANDSCAPING AND IMPROVEMENTS and appurtenances and restore STATE owned areas to a safe and attractive condition acceptable to STATE in the event this Agreement is terminated as set forth herein.

4.12. To inspect LANDSCAPING AND IMPROVEMENTS on a regular monthly or weekly basis to ensure the safe operation and condition of the LANDSCAPING AND IMPROVEMENTS.

4.13. To expeditiously MAINTAIN, replace, repair or remove from service any LANDSCAPING AND IMPROVEMENTS system component that has become unsafe or unsightly.

4.14. To MAINTAIN all planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system within the Agreement limits of the STATE highway right of way, as shown on Exhibit A, at CITY expense. MAINTENANCE includes, but is not limited to, concrete repair, replacement and to grind or patch vertical variations in elevation of planting and irrigations system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system for an acceptable walking and riding surface, and the removal of dirt, debris, graffiti, weeds, and any deleterious item or material on or about planting and irrigation system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system or the LANDSCAPING AND IMPROVEMENTS in an expeditious manner.

4.15. To MAINTAIN all parking or use restrictions signs encompassed within the area of the LANDSCAPING AND IMPROVEMENTS.

4.16. To allow random inspection of LANDSCAPING AND IMPROVEMENTS, planting and irrigations system, sidewalks/bike paths, median concrete, ADA curb ramps, drainage system and signs by a STATE representative.

4.17. To keep the entire landscaped and improved area policed and free of litter and deleterious material.

4.18. All work by or on behalf of CITY will be done at no cost to STATE.

5. STATE agrees to do the following:

5.1. May provide CITY with timely written notice of unsatisfactory conditions that require correction by the CITY. However, the non-receipt of notice does not excuse CITY from maintenance responsibilities assumed under this Agreement.

5.2. Issue encroachment permits to CITY and CITY contractors at no cost to them.

6. LEGAL RELATIONS AND RESPONSIBILITIES:

6.1. Nothing within the provisions of this Agreement is intended to create duties or obligations to or rights in third PARTIES not PARTIES to this Agreement, or affect the legal liability of either PARTY to this Agreement by imposing any standard of care respecting the design, construction and maintenance of these STATE highway improvements or CITY facilities different from the standard of care imposed by law.

6.2. If during the term of this Agreement, CITY should cease to MAINTAIN the LANDSCAPING AND IMPROVEMENTS to the satisfaction of STATE as provided by this Agreement, STATE may either undertake to perform that MAINTENANCE on behalf of CITY at CITY's expense or direct CITY to remove or itself remove LANDSCAPING AND IMPROVEMENTS at CITY's sole expense and restore STATE's right of way to its prior or a safe operable condition. CITY hereby agrees to pay said STATE expenses, within thirty (30) days of receipt of billing by STATE. However, prior to STATE performing any MAINTENANCE or removing LANDSCAPING AND IMPROVEMENTS, STATE will provide written notice to CITY to cure the default and CITY will have thirty (30) days within which to affect that cure.

6.3. Neither CITY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by STATE under or in connection with any work, authority or jurisdiction arising under this Agreement. It is understood and agreed that STATE shall fully defend, indemnify and save harmless CITY and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this Agreement with the exception of those actions of STATE necessary to cure a noticed default on the part of CITY.

6.4. Neither STATE nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by CITY under or in connection with any work, authority or jurisdiction arising under this Agreement. It is understood and agreed that CITY shall fully defend, indemnify and save harmless STATE and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by CITY under this Agreement.

7. PREVAILING WAGES:

   7.1. Labor Code Compliance- If the work performed on this Project is done under contract and falls within the Labor Code section 1720(a)(1) definition of a "public work" in that it is construction, alteration, demolition, installation, or repair; or maintenance work under Labor Code section 1771. CITY must conform to the provisions of Labor Code sections 1720 through 1815, and all applicable provisions of California Code of Regulations found in Title 8, Chapter 8, Subchapter 3, Articles 1-7. CITY agrees to include prevailing wage requirements in its contracts for public work. Work performed by CITY'S own forces is exempt from the Labor Code's Prevailing Wage requirements.

   7.2. Requirements in Subcontracts - CITY shall require its contractors to include prevailing wage requirements in all subcontracts funded by this Agreement when the work to be performed by the subcontractor is a "public work" as defined in Labor Code Section 1720(a)(1) and Labor Code Section 1771. Subcontracts shall include all prevailing wage requirements set forth in CITY's contracts

8. INSURANCE - CITY and its contractors shall maintain in force, during the term of this agreement, a policy of general liability insurance, including coverage of bodily injury liability and property damage liability, naming the STATE, its officers, agents and employees as the additional insured in an amount of $1 million per occurrence and $2 million in aggregate. Coverage shall be evidenced by a certificate of insurance in a form satisfactory to the STATE that shall be delivered to the STATE with a signed copy of this Agreement.

   8.1. SELF-INSURED - CITY is self insured. CITY agrees to deliver evidence of self-insured coverage in a form satisfactory to STATE, along with a signed copy of the Agreement.

9. TERMINATION - This Agreement may be terminated by timely mutual written consent by PARTIES, and CITY's failure to comply with the provisions of this Agreement may be grounds for a Notice of Termination by STATE.

10. TERM OF AGREEMENT -This Agreement shall become effective on the date first shown on its face sheet and shall remain in full force and effect until amended or terminated at any time upon mutual consent of the PARTIES or until terminated by STATE for cause.

PARTIES are empowered by Streets and Highways Code Section 114 & 130 to enter into this Agreement and have delegated to the undersigned the authority to execute this Agreement on behalf of the respective agencies and covenants to have followed all the necessary legal requirements to validly execute this Agreement.

IN WITNESS WHEREOF, the PARTIES hereto have set their hands and seals the day and year first above written.

THE CITY OF LODI

By: _____
STEVE SCHWABAUER
City Manager

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION

MALCOLM DOUGHERTY
Director of Transportation

ATTEST:

By: _____
JENNIFER M. FERRAIOLO
City Clerk

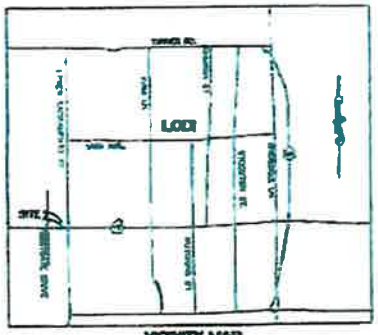
By: _____
DEBRA "SAM" HAACK
Deputy District Director
Maintenance and Operations
District 10

By: _____
JANICE MAGDICH
City Attorney

EXHIBIT "A"

LANDSCAPING AND IMPROVEMENTS

PROJECT PLANS FOR CONSTRUCTION ON STATE HIGHWAY 12



VICINITY MAP

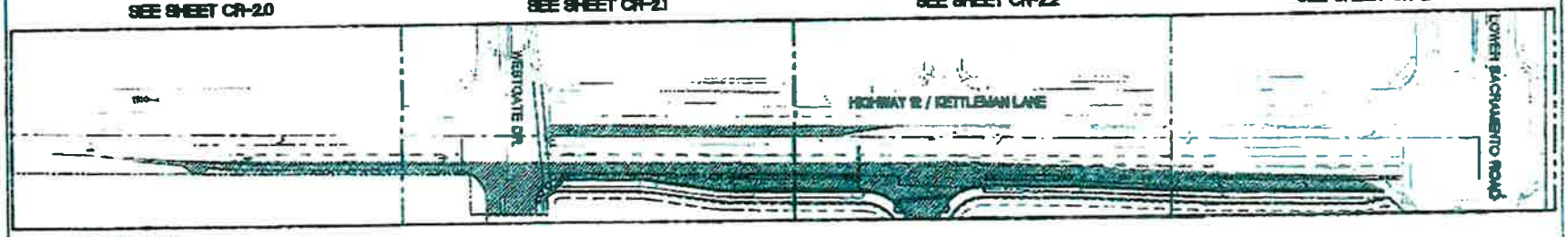
BENCHMARK DATA

BASIS OF BEARINGS

PROJECT CONTACTS

SHEET INDEX

SEE SHEET CR-2.0 | SEE SHEET CR-2.1 | SEE SHEET CR-2.2 | SEE SHEET CR-2.3



ABBREVIATIONS

GENERAL NOTES

WDID: # 5B39C370160

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1017-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

REV. NO.	DESCRIPTION	APPROVED		

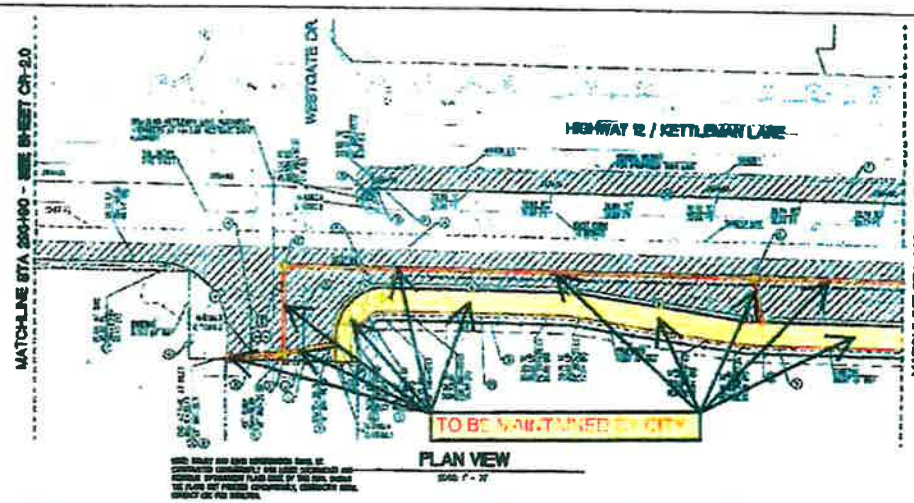
Designed By: RC/AL
Drawn By: ZC/JH
Checked By: MR/GB
Issue Date: 1/13/03
Project No.

PACLAND

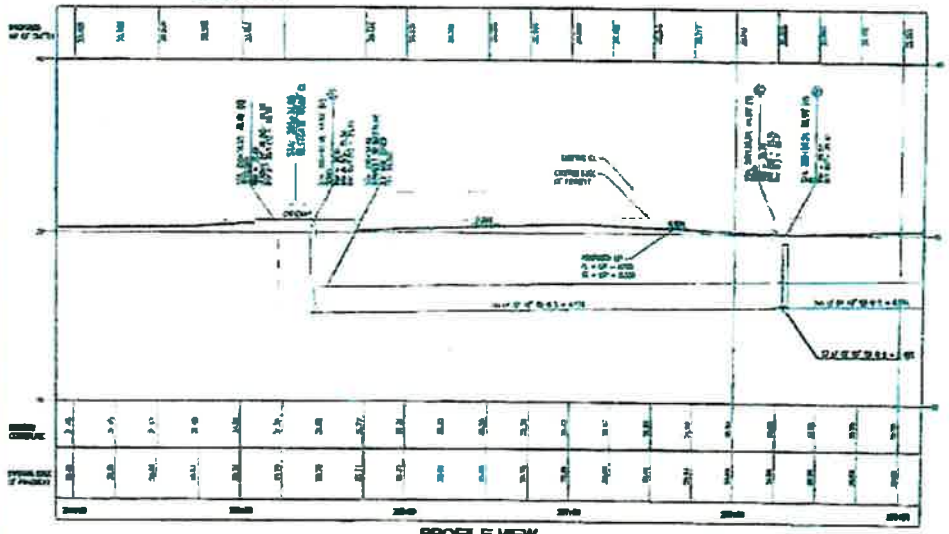
KETTLEMAN LANE / HIGHWAY 12
2300 W. KETTLEMAN LANE
LODI, CALIFORNIA

CALTRANS COVER SHEET

CV-1.0



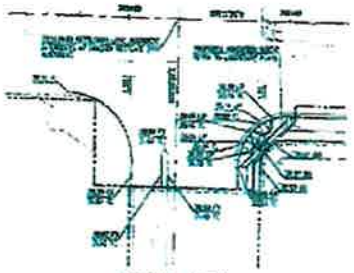
PLAN VIEW



PROFILE VIEW

CONSTRUCTION NOTES

NOTES



DETAIL VIEW

LEGEND

CURB DATA

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# _____ 1017-SWC-0753 _____

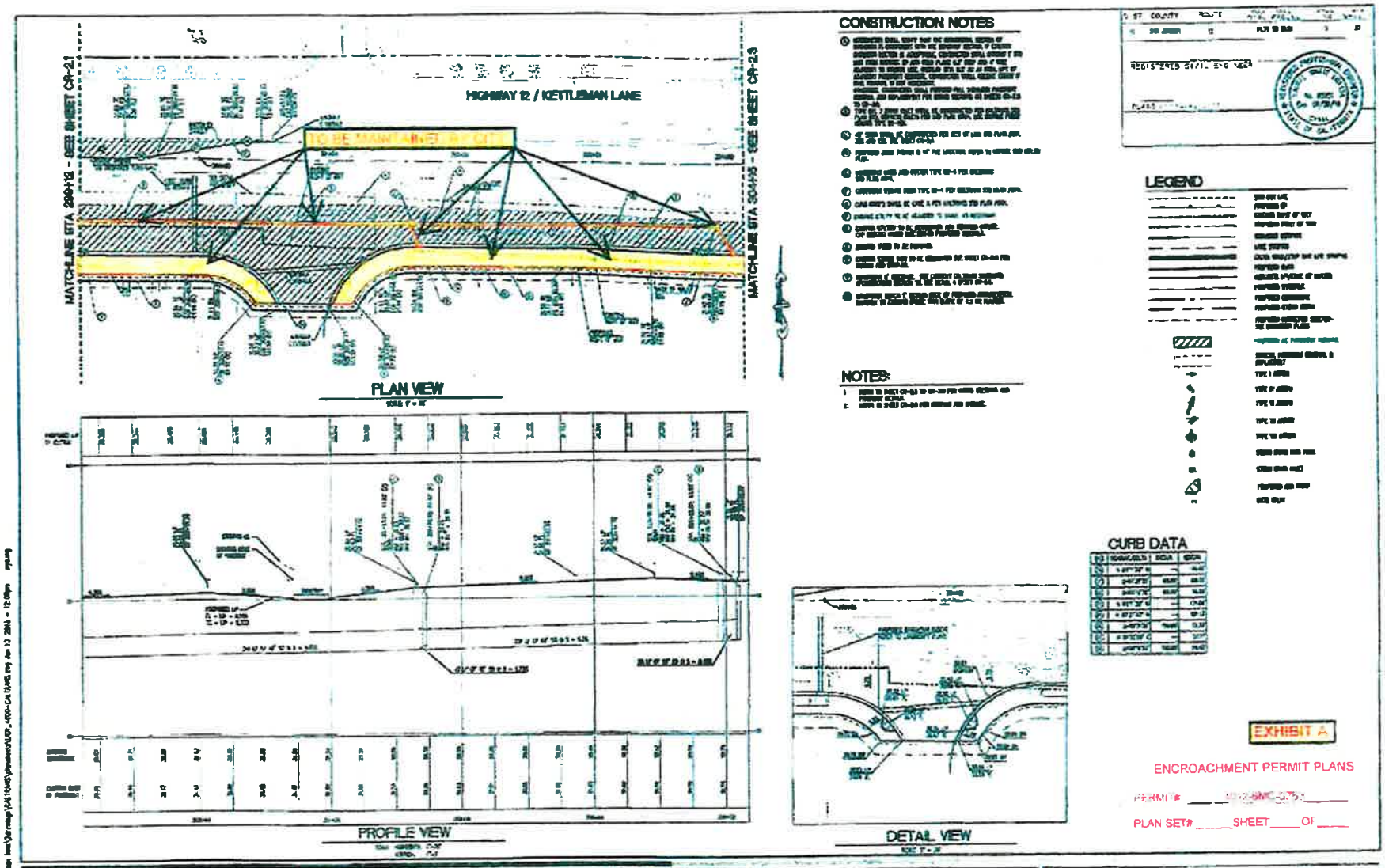
PLAN SET# _____ SHEET ____ OF ____

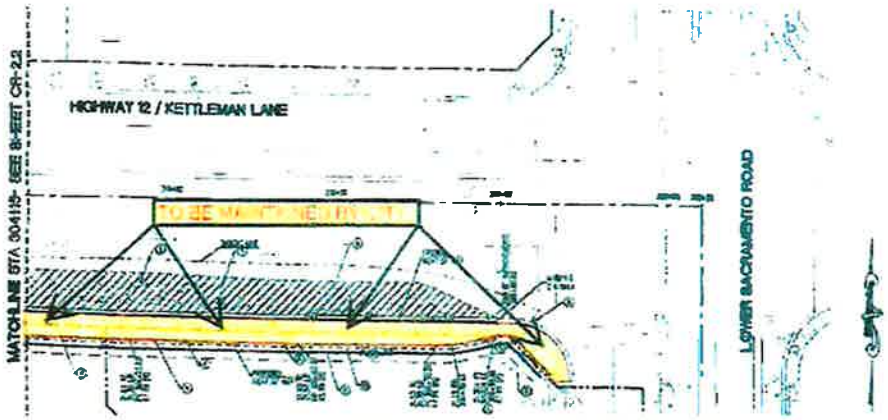
PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

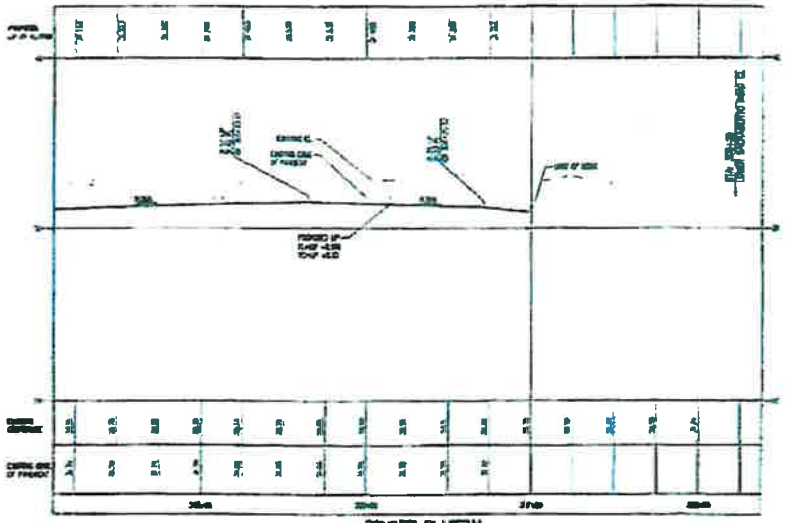
HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE

CR-2.1


HIGHWAY 12 / KETTLEMAN LANE
TO BE MAINTAINED BY CITY
MATCHLINE STA 290+12 - SEE SHEET CR-2.1
MATCHLINE STA 304+15 - SEE SHEET CR-2.3
PLAN VIEW
PROFILE VIEW
DETAIL VIEW
CONSTRUCTION NOTES
NOTES:
LEGEND
CURB DATA
EXHIBIT A
ENCROACHMENT PERMIT PLANS
PERMIT# _____
PLAN SET# _____ SHEET _____ OF _____
PACLAND
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA
HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE
CR-2.2



PLAN VIEW



PROFILE VIEW

CONSTRUCTION NOTES

NOTES

LEGEND

CURB DATA

EXHIBIT A

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-6MC-0763

PLAN SET# ____ SHEET ____ OF ____

Designed By:	Issue Date:		
Drawn By:	1/13/2015		
Checked By:	CB		
	Project File		

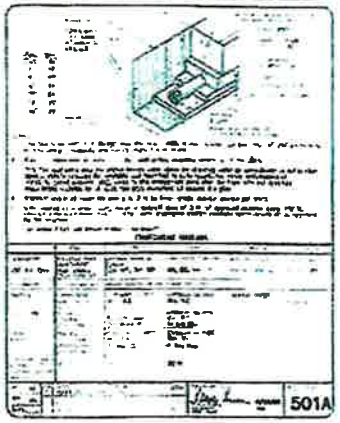
PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

HIGHWAY 12/KETTLEMAN LANE
PLAN AND PROFILE

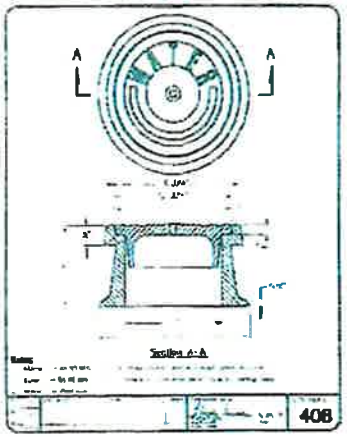
CR-2.3

CITY OF LODI — Pipe Bedding & Backfill-Flexible Pipe Trench Section



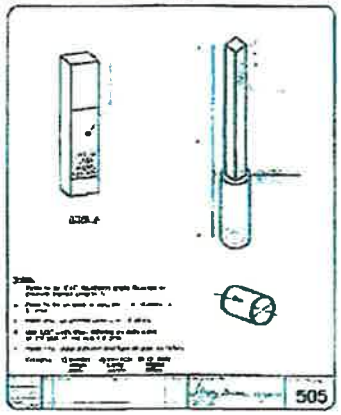
501A

CITY OF LODI — Water Valve Frame & Cover



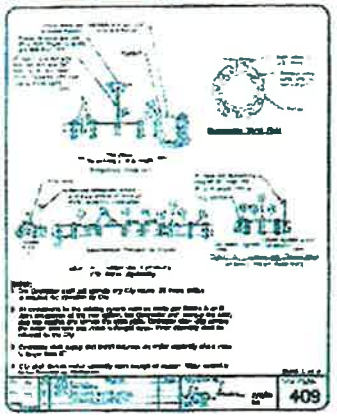
408

CITY OF LODI — Pipe Marker



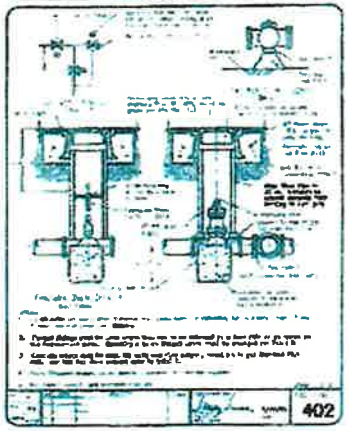
505

CITY OF LODI — Temporary Water Blow-off and Connection Details



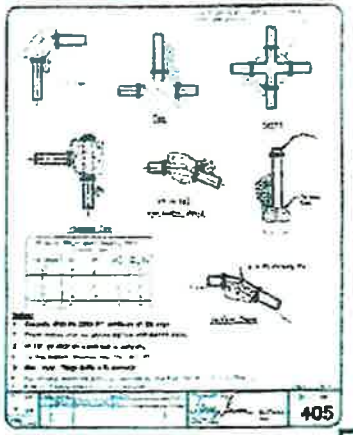
409

CITY OF LODI — Water Valve Installation



402

CITY OF LODI — Thrust Block Requirements



405

ENCROACHMENT PERMIT PLANS

PERMIT # _____

PLAN SET# _____SHEET_____OF_____

EXHIBIT A

Designed By:				
Drawn By:				
Checked By:				

PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

DETAILS

CR-5.1

IRRIGATION NOTES

[illegible]

IRRIGATION LEGEND		
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
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[illegible]	[illegible]	[illegible]
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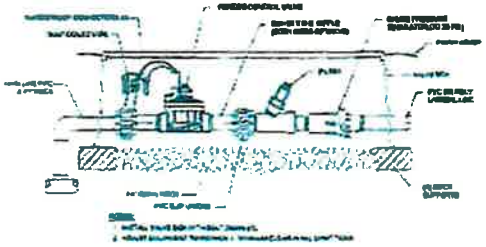
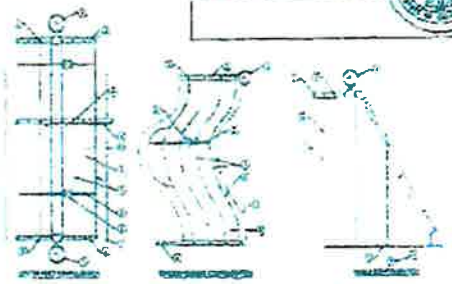
[illegible]	[illegible]	[illegible]

A- QUICK COUPLER
NTS



B- REMOTE CONTROL VALVE
NTS

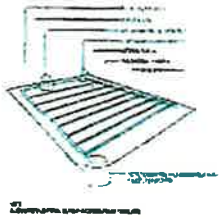


C- DRIPLINE LAYOUT DETAILS
NTS

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-6MC-0763

PLAN SET# _____ SHEET ____ OF ____



C- SLOPE FEED LAYOUT
NTS

D-DRIPLINE STAPLE
NTS

E- LINE FLUSH VALVE
NTS

F- STARTER CONNECTOR
NTS

F- AIR/VACUUM RELIEF
NTS

[illegible]

EXHIBIT A

[illegible]					
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Drawn By: VS
Checked By: VS
Scale: [illegible]
Date: 11/12/2015
Project No. [illegible]

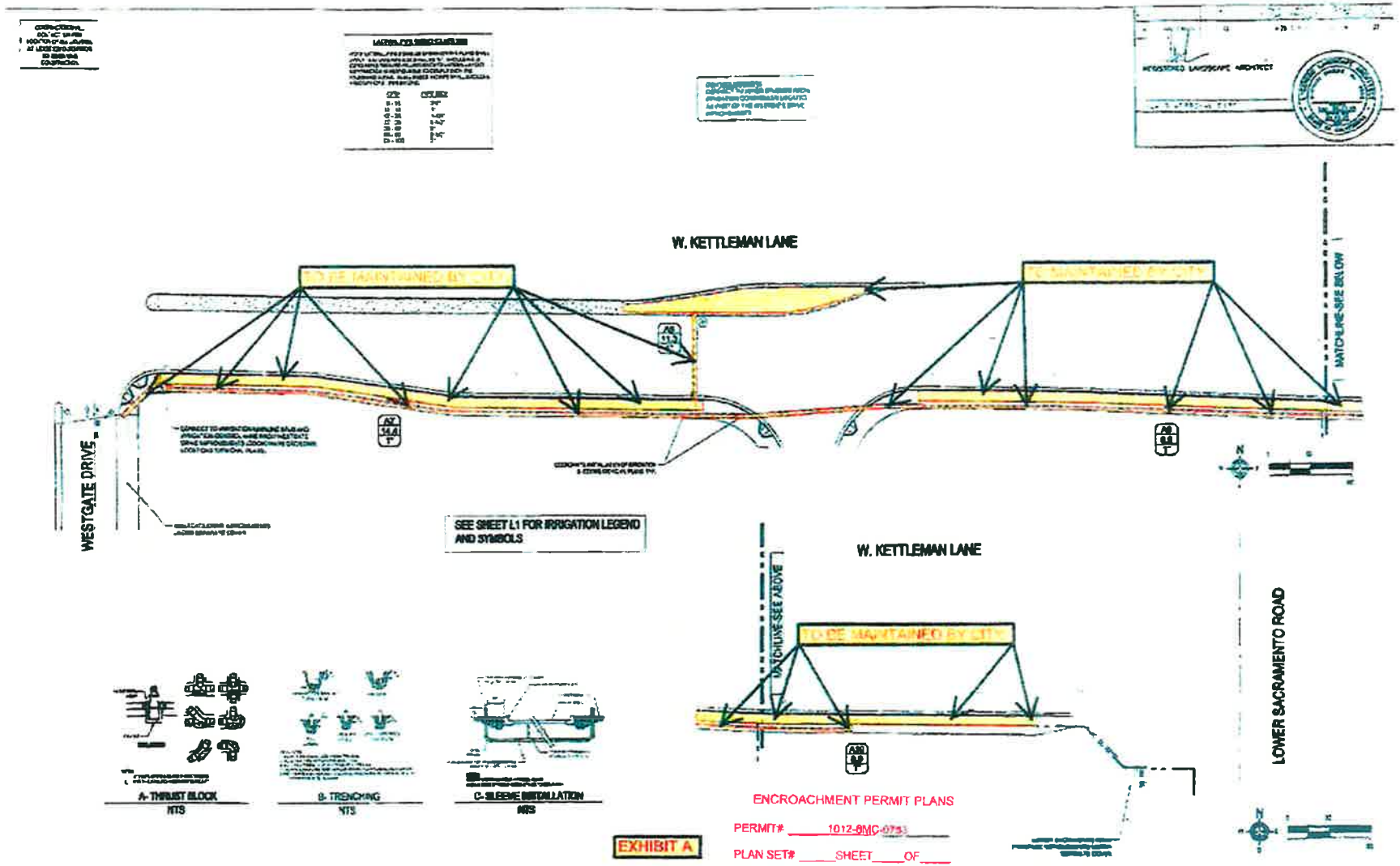
MSLA

PACLAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

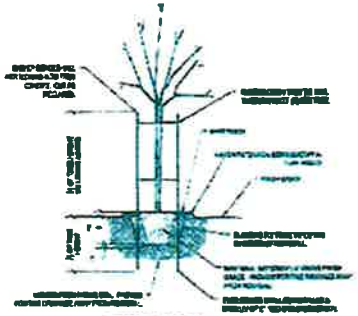
IRRIGATION LEGEND, NOTES AND DETAILS

L1

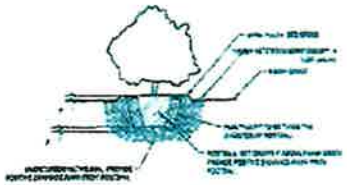

W. KETTLEMAN LANE
WESTGATE DRIVE
MATCHLINE-SEE BELOW
SEE SHEET L1 FOR IRRIGATION LEGEND AND SYMBOLS
W. KETTLEMAN LANE
MATCHLINE-SEE ABOVE
LOWER SACRAMENTO ROAD
A- THRUST BLOCK
NTS
B- TRENCHING
NTS
C- SLEEVE INSTALLATION
NTS
ENCROACHMENT PERMIT PLANS
PERMIT# 1012-6MC-0753
PLAN SET# SHEET OF
EXHIBIT A
KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA
IRRIGATION PLAN
W. KETTLEMAN LANE
L2

LANDSCAPE GENERAL NOTES

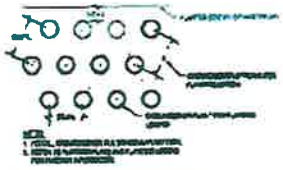
PLANTING NOTES



A- TREE PLANTING DETAIL
NTS



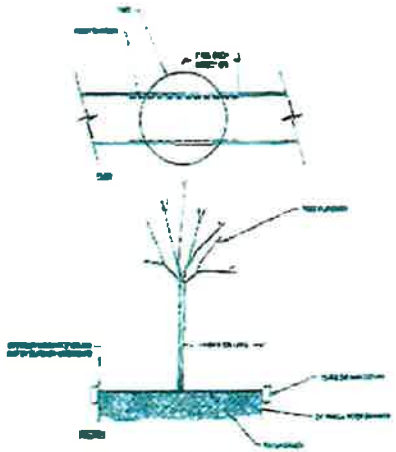
B- SHRUB PLANTING DETAIL
NTS



C- GROUNDCOVER SPACING DETAIL
NTS

PLANT LEGEND

SYM		SIZE	QTY	REMARKS



D- ROOT BARRIER DETAIL
NTS

ENCROACHMENT PERMIT PLANS

PERMIT# 1012-RMC-0763

PLAN SET# ____ SHEET ____ OF ____

EXHIBIT A

REV NO.	DESCRIPTION	CITY ACCEPTANCE		

Designed By: VS
Drawn By: VS
Checked By: JS
Issue Date: 01/2/2025
Project No.: 4231128

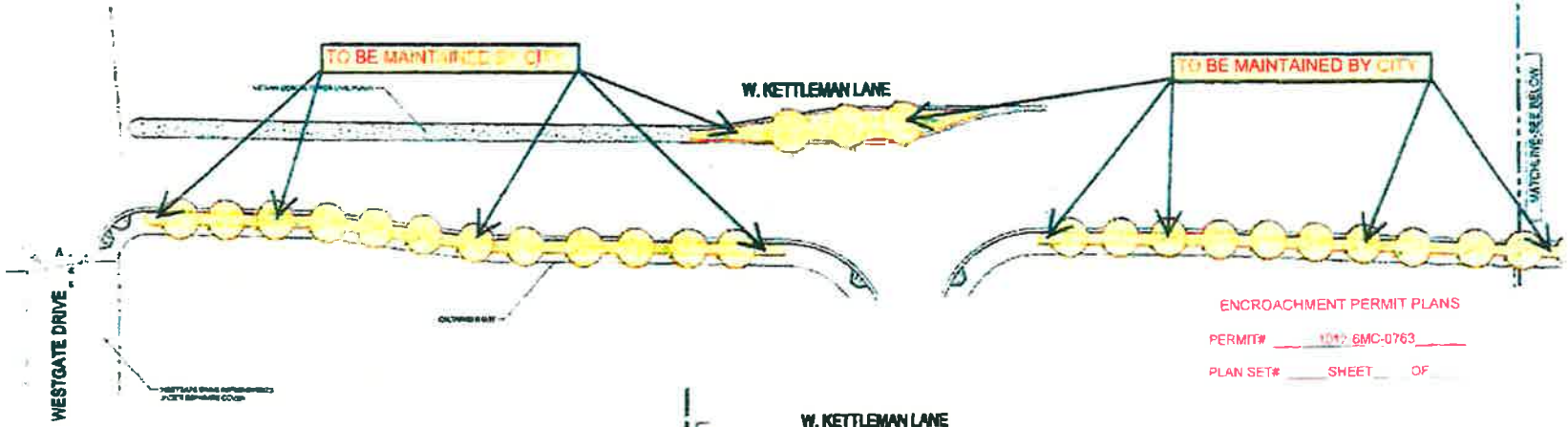
MSLA

LAND

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

PLANTING LEGEND, NOTES AND DETAILS

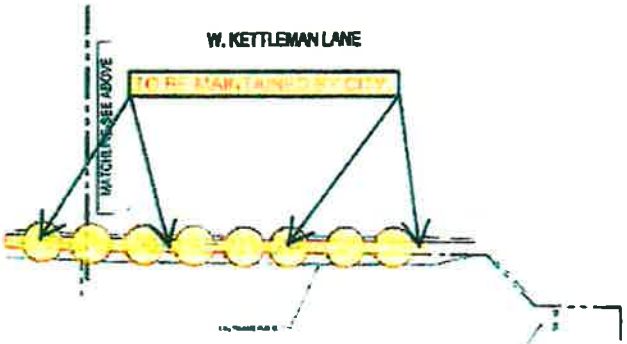
L3



ENCROACHMENT PERMIT PLANS

PERMIT# 6MC-0763

PLAN SET# ____ SHEET ____ OF ____



WATER USE CALCULATIONS

EXHIBIT A

KETTLEMAN LANE / HIGHWAY 12
2350 W. KETTLEMAN LANE
LODI, CALIFORNIA

PLANTING PLAN
W. KETTLEMAN LANE

L4

EXHIBIT D

AMENDED BILLING SCHEDULE

Developmen	Wal-Mart Realestate Business Trust	Building SF/1000:	Varies
Developer:	Browman Development Company	No. of Units:	12
Engineer:	PacLand Engineering		
Date:	5/15/15	Construction cost (City Cost Schedule)	$2,996,619.40

					DEVELOPER COST	CREDITS
ENGINEERING						
Engineering Fee	(5% of	$100,000)	(1001.6121)	$	5,000.00	
	(3.5% of	$200,000)	(1001.6121)		7,000.00	
	(2.5% of	$2,696,619)	(1001.6121)		67,415.48	
Inspection Fee	(4% of	$250,000)	(1001.6104)		10,000.00	
	(3.5% of	$750,000)	(1001.6104)		26,250.00	
	(3% of	$1,996,619)	(1001.6104)		49,915.48	
Engineering Fee Paid			(1001.6121)			$ 97,127.63
ENGINEERING SUBTOTAL				$	165,580.97	$ 97,127.63
STREET SYSTEM						
Storm Water Inspection Fees		(1701.6525)	1 LS @ $	4,855.00	$4,855.00	
STREET SYSTEM SUBTOTAL					$4,855.00	$0.00
SEWER SYSTEM						
Reimbursement of Pipe Material						
24-inch Domestic Wastewater Pipe			1,320 LF @ $	39.53		$52,185.28
30-inch Domestic Wastewater Pipe			491 LF @ $	74.98		$36,815.72
36-inch Domestic Wastewater Pipe			413 LF @ $	156.14		$64,486.85
30-inch Industrial Wastewater Pipe			1,324 LF @ $	74.98		$99,274.98
Reimbursement Total (At Project Acceptance)						**$252,762.83**
Charges for Work by City Forces:						
TV Inspection		(1701.6525)	3,910 LF @ $	1.50	5,865.00	
SEWER SYSTEM SUBTOTAL (Not Including Reimburseable Amount)					$5,865.00	
STORM DRAIN SYSTEM						
Charges for Work by City Forces:						
TV Inspection		(1701.6525)	2,740 LF @ $	1.50	4,110.00	
STORM DRAIN SYSTEM SUBTOTAL					$4,110.00	$0.00
ELECTRICAL SYSTEM						
To be billed separately by Electric Utility Department						
SUBTOTAL OF FEES /CREDITS					$180,410.97	$97,127.63
Reimbursement Agreement RA-02-02					$47,204.86	
Reimbursement Agreement RA-08-01 (S/W signal pole relocated)					$208,617.60	
(Reimbursement amount minus the cost to relocate 1 of 2 signal poles)						
Resolution No. 2007-52 (minus electrical conduit crossing charge)					$101,848.83	
TOTAL OF DEVELOPER FEES					**$538,082.26**	
Less Plan Check Fee Paid					$97,127.63	
(ADJUSTED AMOUNT DUE AT FILING OF FINAL MAP)					$440,954.63	$434,081.01
Credit for Sewer Pipeline Reimbursement at Project Acceptance						$252,762.83
Total Due for Project (negative amount reflects credit back to Developer)					**-$245,889.21**	

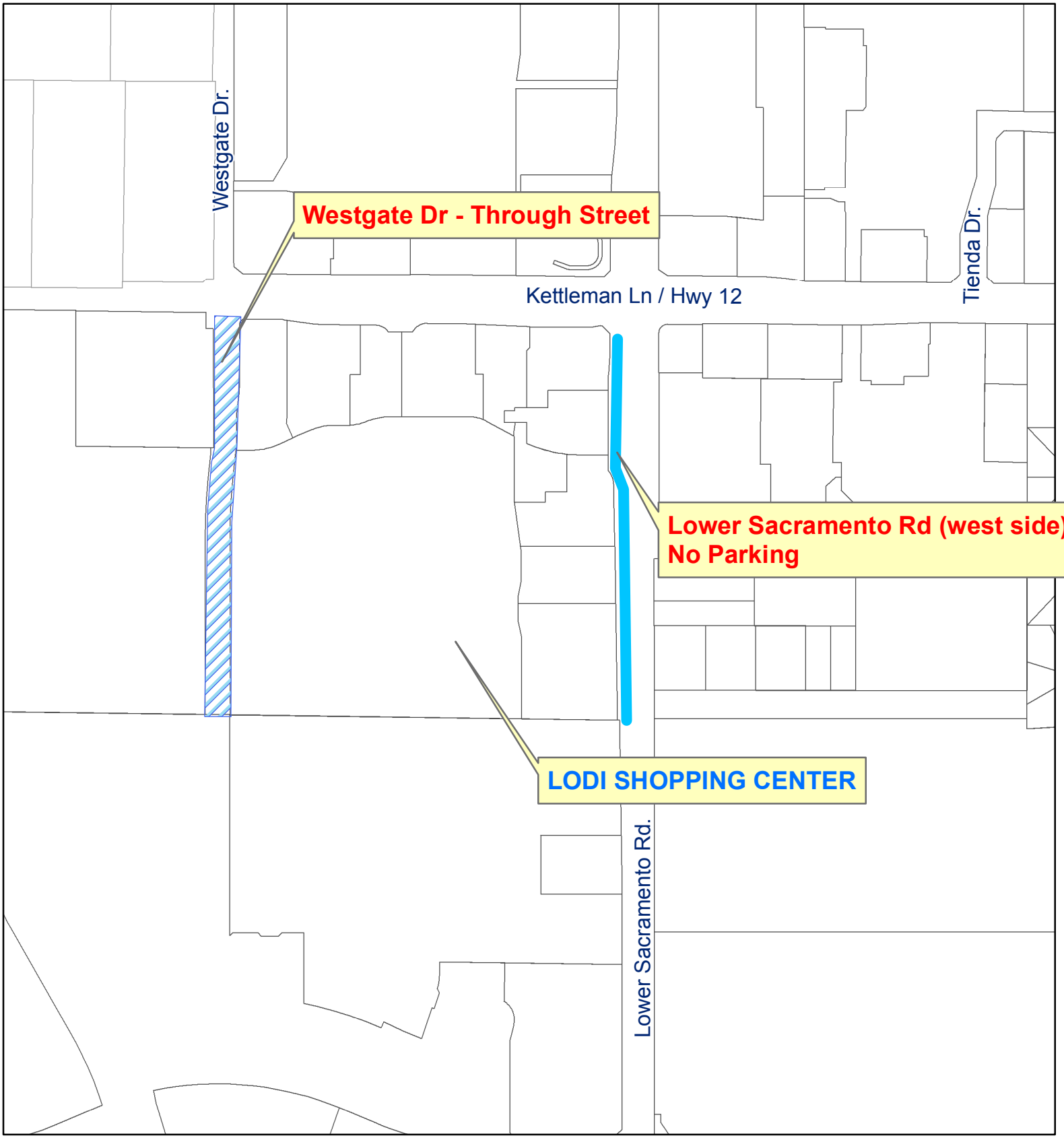


EXHIBIT E
Lower Sacramento Road (West Side) - No Parking
Westgate Drive - Through Street
Location Map

N
W E
S

1 in = 400 ft

User: lchang
Path: K:\WP\TRAFFIC\Lodi Shopping Center - Exhibit.mxd

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	Rebecca Areida-Yadav	5. DATE:	8/1/2016
4. DEPARTMENT/DIVISION:	Public Works		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	531		32205	Wastewater Capital Fund Balance	$ 252,763.00
B. USE OF FINANCING	531	53199000	77020	Watewater Capital Projects	$ 252,763.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

Reimbursement to developer for public improvements associated with the Lodi Shopping Center project.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: _____ Res No: _____ Attach copy of resolution to this form.

Department Head Signature: _____

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

When Recorded Please Return to:
Lodi City Clerk
P.O. Box 3006
Lodi, CA 95241-1910

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL ACCEPTING LODI SHOPPING CENTER PUBLIC IMPROVEMENTS; RECEIVING DEDICATION OF REAL PROPERTY KNOWN AS I-2 STORM DRAIN BASIN (APN 058-03-018) AND ALL ASSOCIATED OFFSITE PUBLIC IMPROVEMENTS; AMENDING TRAFFIC RESOLUTION NO. 97-148 BY APPROVING THROUGH STREET ON WESTGATE DRIVE FROM KETTLEMAN LANE TO THE SOUTH BOUNDARY OF THE LODI SHOPPING CENTER, AND NO-PARKING ZONES ON THE WEST SIDE OF LOWER SACRAMENTO ROAD FROM KETTLEMAN LANE TO THE SOUTH BOUNDARY OF THE LODI SHOPPING CENTER; AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, the public improvements at the Lodi Shopping Center have been completed in substantial conformance with the requirements of the Improvement Agreement between City of Lodi, Walmart Real Estate Business Trust, and BDC Lodi III, L.P., approved by City Council on June 3, 2015; and

WHEREAS, the public improvements include street widening on Lower Sacramento Road and Kettleman Lane, construction of Westgate Drive along the west project boundary from Kettleman Lane to the south boundary of the development, modification of the southeast leg of the existing traffic signal at Kettleman Lane and Westgate Drive, installation of a new traffic signal on Lower Sacramento Road to provide signalized access to the project and Food 4 Less driveway, and extension of public utilities in Lower Sacramento Road, Westgate Drive, and along the south boundary of the development between Lower Sacramento Road and Westgate Drive; and

WHEREAS, the streets to be accepted are as follows:

Streets	**Length in Miles**
Lower Sacramento Road*	0.00
Kettleman Lane*	0.00
Westgate Drive	0.24
Total New Miles of City Streets	**0.24**

*The street dedication for Kettleman Lane and Lower Sacramento Road consists of minor pavement widening, landscape, and irrigation improvements in an existing street right-of-way and did not add additional miles to the City's street system.

WHEREAS, Walmart Real Estate Business Trust, and BDC Lodi III, L.P. (collectively, Developer) was required to dedicate and construct the I-2 Basin facility located west of Lower Sacramento Road and all associated offsite public improvements to accommodate storm drainage from the new development; and

WHEREAS, the developer realigned the domestic outfall pipeline and the industrial waste outfall pipeline between Lower Sacramento Road and Westgate Drive along the southern boundary of the development, and extended the domestic outfall

south along Westgate Drive to its intersection with the existing domestic outfall pipelines; and

WHEREAS, staff recommends accepting Lodi Shopping Center public improvements; and

WHEREAS, staff also recommends receiving dedication of real property known as I-2 Storm Drain Basin (APN 058-03-018) and all associated offsite public improvements; and

WHEREAS, staff further recommends amending Traffic Resolution No. 97-148 by approving 1) a through street on Westgate Drive from Kettleman Lane to the south boundary of the Lodi Shopping Center, and 2) approving no-parking zones on the west side of Lower Sacramento Road from Kettleman Lane to the south boundary of the Lodi Shopping Center; and

WHEREAS, staff also recommends appropriating funds in the amount of $252,763 from the Wastewater fund for reimbursement to the Developer ($245,889.91) and for the adjusted amounts owed ($6,873.62) to satisfy the Developer's obligation to pay for their share of existing improvements constructed by others.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby accept Lodi Shopping Center public improvements; and

BE IT FURTHER RESOLVED that Lodi City Council does hereby receive dedication of real property know as I-2 Storm Drain Basin (APN 058-03-018) and all associated offsite public improvements; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby amend Traffic Resolution No. 97-148 by approving 1) a through street on Westgate Drive from Kettleman Lane to the south boundary of the Lodi Shopping Center, and 2) approving no-parking zones on the west side of Lower Sacramento Road from Kettleman Lane to the south boundary of the Lodi Shopping Center; and

BE IT FURTHER RESOLVED that funds in the amount of $252,763 be appropriated from Water Capital Fund for this project.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **C-08**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Regulatory Required Maintenance, Testing, and Repair of Altec-equipped Vehicles and Equipment with Altec Industries, Inc., of Dixon, for a Five Year Term ($25,000 Annually)

MEETING DATE: October 19, 2016

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a professional services agreement for regulatory required maintenance, testing, and repair of Altec-equipped vehicles and equipment with Altec Industries, Inc., of Dixon, for a five-year term in an amount not to exceed $25,000 annually.

BACKGROUND INFORMATION: The City Council approved a five-year Professional Services Agreement with Altec Industries, Inc. at its regular meeting on May 18, 2011, which expired July 1, 2016. The purpose of this agreement was to provide maintenance, testing, and repair services on Altec-equipped vehicles and equipment in excess of the routine maintenance and repairs provided by the City's Fleet Services Division. The attached professional services agreement will be a successor to the expired agreement that will ensure the ongoing readiness of the Electric Utility's (EU) fleet to respond to routine and emergency work.

EU utilizes a specialized fleet of vehicles and equipment for the purpose of building, constructing, and maintaining overhead and underground electrical lines. These fleet units are up-fitted with Altec mechanical and electronic systems that require specialized training to troubleshoot, repair, and maintain. Further, federal and state regulatory mandates require a battery of tests by certified technicians to ensure worker safety while operating in an energized environment, all of which were services provided by Altec Industries, Inc. during the term of the now-expired professional services agreement.

In addition to the services Altec provides to EU, the City's Fleet Services Division relies upon Altec as the authorized vendor for parts, materials, and services outside their expertise or licensing. Therefore, staff recommends authorizing the City Manager to execute a professional services agreement with Altec Industries, Inc. to perform the necessary services to maintain, test, and repair Altec-equipped fleet units.

FISCAL IMPACT: Not to exceed $25,000 annually.

FUNDING AVAILABLE: Included in FY2016/17 Distribution System Account 50064100.72450.

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

APPROVED: _____
Stephen Schwabauer, City Manager

_____
Elizabeth A. Kirkley
Electric Utility Director

PREPARED BY: Charles Berry, Electric Utility Superintendent

EAK/CJB/lst

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on , 20 , by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and ALTEC INDUSTRIES, INC. (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for Altec Equipped Fleet Services (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to

weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on October 31, 2016 and terminates upon the completion of the Scope of Services or on June 30, 2021, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees and costs), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence, sole negligence, or sole willful misconduct of the City of Lodi, its elected and appointed officials, directors, officers, employees and volunteers. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, CONTRACTOR shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs. The defense and indemnification obligations required by this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations set forth herein.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: C.J. Berry, Electric Utility Superintendent

To CONTRACTOR: Altec Service Group
325 Industrial Way
Dixon, CA 95620
Attn: John Denny, Service Manager

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of

the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

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

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:
JANICE D. MAGDICH, City Attorney

By: _____

ALTEC INDUSTRIES, INC.

By: _____
Name: John Denny
Title: Service Manager

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements
Exhibit D – Federal Transit Funding Conditions (if applicable)

Funding Source: 50064100.72450
(Business Unit & Account No.)

Doc ID:

CA:Rev.01.2015

EXHIBIT A

Altec Equipped Fleet Services

Scope of Services

For inspections, certifications, repairs, retrofits, parts and diagnostics on Altec equipped vehicles and equipment per the attached fee schedule identified as Exhibit B. Cost increases can be negotiated annually in an amount not to exceed CPI-San Francisco Area, July - June, as identified by the United States Department of Labor, Bureau of Labor Statistics.

Scope of services may be provided at City facilities or Altec facilities.

Not to exceed $25,000 annually.

Exhibit B

Scheduled Maintenance Pricing Matrix 2016		
2016 Sell Price	**Sales PN**	**Description of Contract**
$305	970437357-	CONTRACT; PM INSPECTION; 6 MONTH INTERVAL; SMALL AERIAL UNITS 40' AND UNDER WITHOUT MATERIAL HANDLING
$415	970240659-	CONTRACT; PM INSPECTION; 1 YEAR INTERVAL; SMALL AERIAL UNITS 40' AND UNDER WITHOUT MATERIAL HANDLING
$485	970437364-	CONTRACT; PM INSPECTIONP; 6 MONTH INTERVAL; MIDSIZE AERIALS UNDER 50' WITH OR WITHOUT MATERIAL HANDLING
$645	970240660-	CONTRACT; PM INSPECTION; 1 YEAR INTERVAL; MIDSIZE AERIALS UNDER 50' WITH OR WITHOUT MATERIAL HANDLING
$450	970437484-	CONTRACT PM INSPECTION; 6 MONTH INTERVAL; LARGE AERIAL UNITS UNDER 65'
$610	970255016-	CONTRACT; PM INSPECTION; 1 YEAR INTERVAL; LARGE AERIAL UNITS UNDER 65'
$570	970437489-	CONTRACT; PM INSPECTION; 6 MONTH INTERVAL; EXTRA LARGE AERIAL MATERIAL HANDLING UNITS AND LARGE AERIAL ELEVATORS UNDER 100'
$780	970240664-	CONTRACT; PM INSPECTIONP; 1 YEAR INTERVAL; EXTRA LARGE AERIAL MATERIAL HANDLING UNITS AND LARGE AERIAL ELEVATORS UNDER 100'
$820	970437500-	CONTRACT PM INSPECTION; 6 MONTH INTERVAL; SMALL AND BACKYARD DERRICKS
$980	970240662-	CONTRACT PM INSPECTION; 1 YEAR INTERVAL; SMALL AND BACKYARD DERRICKS
$700	970437494-	CONTRACT PM INSPECTION; 6 MONTH INTERVAL; LARGE DERRICKS AND PRESSURE DIGGERS
$860	970240661-	CONTRACT PM INSPECTION; 1 YEAR INTERVAL; LARGE DERRICS AND PRESSURE DIGGERS
$1,240	970437503-	CONTRACT PM INSPECTION; 6 MONTH INTERVAL; TELESCOPIC BOOM TRUCK CRANES
$1,530	970240665-	CONTRACT PM INSPECTION; 1 YEAR INTERVAL; TELESCOPIC BOOM TRUCK CRANES
$1,185	970437515-	CONTRACT PM INSPECTION; 6 MONTH INTERVAL; ALTEC HILINE OR SIMILAR TRANSMISSION AERIAL OVER 75 FOOT
$1,300	970437506-	CONTRACT PM INSPECTION; 1 YEAR INTERVAL; ALTEC HILINE OR SIMILAR TRANSMISSION AERIAL OVER 75 FOOT
$140	970254981-	CONTRACT; DOT INSPECTION; 1 YEAR INTERVAL
$300	970254978-	CONTRACT PM INSPECTION TRAVEL; 1 TRIP/YEAR
$250	970254982-	CONTRACT DIELECTRIC TEST; CAT B/C; BOOM & LINER & ISO GRIP (WHEN APPLICABLE)
$114		SHOP LABOR RATE
$130		MOBILE LABOR RATE

1. Not to exceed $25,000 annually.
2. Annual price adjustments not to exceed CPI-San Francisco Area, July - June as identified by the United States Department of Labor, Bureau of Labor Statistics.

EXHIBIT C

Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect Contractor and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, or by any subcontractor, or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY
   $1,000,000 Bodily Injury - Each Occurrence/ Aggregate
   $2,000,000 Property Damage - Each Occurrence/ Aggregate

2. COMPREHENSIVE AUTOMOBILE LIABILITY
   $1,000,000 Combined Single Limit
   Such insurance shall cover liability arising out of any vehicle (including, owned, hired and non-hired vehicles) operated in performing any and all services pursuant to this Agreement. Coverage shall be written on ISO form CA 00 01 12 90, or a later version, that provides liability coverage at least as broad as this form.

3. GARAGE LIABILITY
   $1,000,000 Auto Only and Other than Auto Only - Each Occurrence

All limits are to be designated strictly for the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. All deductibles or self-insured retentions (SIR) must be disclosed to City's Risk Manager for approval and shall not reduce the limits of liability set forth hereinabove. Insurance policies containing any deductible or SIR provision shall provide, or be endorsed to provide, that the deductible or SIR may be satisfied by either the Named Insured(s) or the City of Lodi.

It is required that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth above, shall be available to City as an additional insured. Furthermore, the requirements for coverage and limits shall be (i) the minimum coverage and limits specified in these insurance requirements; or (ii) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Contractor; whichever is greater.

Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

A copy of the certificate(s) of insurance with the following endorsements shall be furnished to the City:

(a) Additional Named Insured Endorsement
Pursuant to a separate endorsement (ISO form CG 2010 (11/85) or a later version, that provides liability coverage at least as broad as this form) such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers as additional named insureds. An additional named insured endorsement is also required for Auto Liability.

(b) Primary and Non-Contributory Insurance Endorsement
Additional insurance coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from City's insurance or self-insurance and shall be at least as broad as ISO form CG 20 01 04 13.

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95240; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

(c) Waiver of Subrogation
Include a waiver of subrogation against the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. A waiver is required for General Liability and Auto Liability.

Insurance Requirements for Contractor (continued)

(d) Limits of Coverage
The limits of insurance coverage required may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance of Contractor shall contain, or be endorsed to contain, a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect the City as a named insured.

(e) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(f) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

(g) Continuity of Coverage
All policies shall be in effect on or before the first day of the Term of this Agreement. At least thirty (30) days prior to the expiration of each insurance policy, Contractor shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the minimum requirements of this Agreement. Contractor shall provide proof of continuing insurance on at least an annual basis during the Term. If Contractor's insurance lapses or is discontinued for any reason, Contractor shall immediately notify the City and immediately obtain replacement insurance.

(h) Failure to Comply
If Contractor fails or refuses to obtain and maintain the required insurance, or fails to provide proof of coverage, the City may obtain the insurance. Contractor shall reimburse the City for premiums paid, with interest on the premium paid by the City at the maximum allowable legal rate then in effect in California. The City shall notify Contractor of such payment of premiums within thirty (30) days of payment stating the amount paid, the name(s) of the insurer(s), and rate of interest. Contractor shall pay such reimbursement and interest on the first (1st) day of the month following the City's notice. Notwithstanding any other provision of this Agreement, if Contractor fails or refuses to obtain or maintain insurance as required by this agreement, or fails to provide proof of insurance, the City may terminate this Agreement upon such breach. Upon such termination, Contractor shall immediately cease use of the Site or facilities and commence and diligently pursue the removal of any and all of its personal property from the site or facilities.

(i) Qualified Insurer(s)
All insurance required by the terms of this Agreement must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the AM Best Ratings Guide, and which are acceptable to the City. Non-admitted surplus lines carriers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

Workers Compensation Insurance The Contractor shall take out and maintain during the life of this Agreement, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this Agreement at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. **A waiver of subrogation is required for workers compensation insurance.** This policy may not be canceled nor the coverage reduced without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

NOTE: The City reserves the right to obtain a full certified copy of any insurance policy or endorsements required. Failure to exercise this right shall not constitute a waiver of the City's right to exercise after the effective date.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE A
PROFESSIONAL SERVICES AGREEMENT FOR
REGULATORY-REQUIRED MAINTENANCE, TESTING, AND
REPAIR OF ALTEC-EQUIPPED VEHICLES AND EQUIPMENT
WITH ALTEC INDUSTRIES, INC., OF DIXON

==========

WHEREAS, the City Council approved a five-year Professional Services Agreement with Altec Industries, Inc., at its regular meeting on May 18, 2011, which expired July 1, 2016; and

WHEREAS, the purpose of this agreement was to provide maintenance, testing, and repair services on the Electric Utility's (EU) Altec-equipped vehicles and equipment in excess of the routine maintenance and repairs provided by the City's Fleet Services Division; and

WHEREAS, federal and state regulatory mandates require a battery of tests by certified technicians to ensure worker safety while operating in an energized environment, all of which were services provided by Altec Industries, Inc., during the term of the now-expired professional services agreement; and

WHEREAS, in addition to the services Altec provides to EU, the City's Fleet Services Division relies upon Altec as the authorized vendor for parts, materials, and services outside their expertise or licensing; and

WHEREAS, annual costs are set not to exceed $25,000, and funding is available and included in FY 2016/17 Distribution System Account 50064100.72450; and

WHEREAS, staff recommends authorizing the City Manager to execute a Professional Services Agreement with Altec Industries, Inc., to perform the necessary services to maintain, test, and repair Altec-equipped fleet units.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council hereby authorizes the City Manager to execute a Professional Services Agreement for regulatory-required maintenance, testing, and repair of Altec-equipped vehicles and equipment with Altec Industries, Inc., of Dixon, California, for a five-year term in an amount not to exceed $25,000 annually.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **C-09**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement for Killelea Substation Bank No. 1 Power Transformer Relocation, Test, and Preparation for Long-Term Storage with Delta Star Inc., of Lynchburg, Virginia ($89,000)

MEETING DATE: October 19, 2016

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution authorizing the City Manager to execute a professional services agreement for Killelea Substation Bank No. 1 power transformer relocation, test, and preparation for long-term storage with Delta Star Inc., of Lynchburg, Virginia in an amount not to exceed $89,000.

BACKGROUND INFORMATION: On April 20, 2016, the Lodi City Council awarded a bid to Virginia Transformer of Roanoke, Virginia in the amount of $476,814 to procure a new power transformer to replace the aging Killelea Substation Bank No. 1 power transformer. It is now necessary to remove the existing Bank No. 1 Transformer and relocate it to the Industrial Substation for long-term storage.

On August 25, 2016, a Request For Proposal (RFP) for the Killelea Substation Bank No. 1 power transformer relocation, test, and preparation for long term storage was issued. This RFP was advertised through local media on August 27, 2016 and again on August 31, 2016. Only one organization, Delta Star, responded to the RFP with a proposal, and their proposal was deemed to meet the requirements of the RFP.

Tests will be performed on the transformer before and after the relocation to ensure no damage is incurred during the operation. These tests will also confirm the unit can be used in an emergency and under limited loading in the unlikely event of a catastrophic failure of any in service substation power transformer.

This transformer will be maintained on a pad at Industrial Substation in a de-energized state. Actions will be taken to ensure the unit remains free of moisture through heating of the oil and placing an inert gas on the oil tanks.

The actual cost of the relocation will be done on a time and materials basis. The estimated cost of the operation is approximately $80,900. A 10-percent contingency has been included to cover any unforeseen circumstances, as this transformer is a 50-year-old piece of equipment.

Staff is now recommends engaging Delta Star through a Professional Services Agreement (PSA) in order to execute the relocation, test, and preparation for long term storage of the Killelea Substation Bank No. 1 power transformer.

FISCAL IMPACT: Not to exceed $89,000.

FUNDING AVAILABLE: Included in FY2016/17 Budget Account No. 50199000.77020.

APPROVED: _____

Stephen Schwabauer, City Manager

Jordan Ayers
Deputy City Manager/Internal Services Director

Elizabeth A. Kirkley
Electric Utility Director

PREPARED BY: Jules Marchesseault, P.E., Engineering and Operations Manager

EAK/lst

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on , 2016, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and DELTA STAR, INC. (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for Killelea Substation Bank #1 Power Transformer Relocation, Test, and Preparation for Long Term Storage (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall

remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on October 26, 2016 and terminates upon the completion of the Scope of Services or on June 30, 2017, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Prevailing Wage

The Contractor agrees to conform to the provisions of Chapter 1, Part 7, Division 2 of the Labor Code. The Contractor and any Subcontractor will pay the general prevailing wage rate and other employer payments for health and welfare, pension, vacation, travel time, and subsistence pay, apprenticeship or other training programs. The responsibility for compliance with these Labor Code requirements is on the prime contractor.

Section 3.3 Contractor Registration – Labor Code §1725.5

No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.

This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

Section 3.4 Contract Bonds

CONTRACTOR shall furnish two good and sufficient bonds:

1. A faithful performance bond in the amount of one hundred percent (100%) of the contract price; and
2. A labor and materials bond in the amount of one hundred percent (100%) of the contract price.

These bonds will be required at the time the signed contract is returned to the City.

Section 3.5 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.6 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.7 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees and costs), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or

expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence, sole negligence, or sole willful misconduct of the City of Lodi, its elected and appointed officials, directors, officers, employees and volunteers. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, CONTRACTOR shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs. The defense and indemnification obligations required by this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations set forth herein.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Jay Marchesseault, P.E., E&O Manager

To CONTRACTOR: Delta Star, Inc,
3550 Mayflower Drive
Lynchburg, VA 24501
Attn: Corbin Pillow, Field Services Sales

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

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

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such

documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:
JANICE D. MAGDICH, City Attorney

DELTA STAR, INC.

By: _____

By: _____
Name: CORBIN PILLOW
Title: Field Services Sales

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements
Exhibit D – Federal Transit Funding Conditions (if applicable)

Funding Source: 50199000.77020
(Business Unit & Account No.)

Doc ID:

CA:Rev.08.2015

EXHIBIT A – SCOPE OF SERVICES

Delta Star will provide manpower and equipment to perform the drain, disassembly of Westinghouse Transformer at Killelea Substation then relocate transformer to Industrial substation and reassemble, vac oil fill and test and place in long term storage.

Westinghouse Transformer
Serial # RBP-3006-2
MVA – 18.75/25/31.25
Voltage – 60,000V-12,000Y/6,930V
Capacity – 6,053 Gallons

Work Scope

- Mobilize crews and equipment to Killelea Substation
- Conduct tailgate meeting to identify potential safety hazards
- Stage and ground equipment
- **Once transformer is on pad at Industrial Substation, tack weld to existing metal plates embedded in pad**

Pretesting

- SFRA

➢ NOTE: Delta Star is not equipped to provide Ultrasonic and Sonic fault detection testing.

Dis-assemble Transformer

- Drain oil (6,053 gallons) into oil storage provided by Delta Star (Delta Star to provide dry-air for transformer, if nitrogen is needed, this will be based upon time and material rates)
- Remove HV bushings and crate up (Delta Star to provide bushing crates)
- Remove radiators and fans
- Place radiators on pallets, install pressurized plates and pressurize radiators
- Provide new gasket with shipping plate on radiators.
- Provide new gasket with shipping plate on HV Bushings
- Provide new gasket for manhole covers opened during disassembly
- Remove HV arrestors along with mounting brackets if equipped
- Place blank off plates in place of parts removed to seal transformer
  Note: If plates are not available Delta Star can provide this for additional cost and must have at least a week notification.
- Remove grounds from transformer
- Pressurize transformer for transport

➢ **NOTE: Transportation will take approximately 1 day to transport the transformer by heavy hauler from Killelea Substation to Industrial Substation**

➢ **NOTE: HV bushings to be crated up. Arresters and Radiators (Radiators to be equipped with pressurized plates) to be placed on pallets for long-term storage at Industrial Substation.**

Oil Filling

- Perform Dew Point test to establish benchmark for oil filling
- Pull vacuum at a level of 1 Torr (1,000 micron, 1mm of Hg) less and hold for a minimum of 2 hours
- Conduct vacuum leak test
- If Online Dew Point exceeds 1% (Customer to be notified to discuss possible dry out procedure)
- If moisture level is acceptable, begin Vacuum oil process as follows
- Pull vacuum at a level of 1 Torr (1,000 micron, 1mm of Hg) less and hold for a minimum of 8 hours
- Sample and test the insulating oil to ensure it is in acceptable condition prior to refilling the transformer
- Elevate core/coil temperature, if necessary
- Begin vacuum fill
- Vacuum fill transformer oil while maintaining a vacuum level of 5 Torr or less
- Pull tail vacuum for 1 hour after completing filling
- Circulate oil for 1 additional pass
- Break vacuum and ensure oil is at proper level taking into account temperature
- Activate nitrogen system when complete (If equipped)
- Transformer will be pressurized and checked for leaks
- If no leaks are present setup for testing

Verification Testing

- Bushing power factor and capacitance
- Core Megger
- SFRA (Customer specified)
- Insulation power factor
- Insulation resistance
- Oil tests after filling
    - Moisture content
    - Power factor
    - Dielectric Strength
    - Dissolved gas analysis
- Upon completion cleanup site and mobilize

Performance

Work is quoted upon DSI crews working 7 days a week, 8-12 hours per day, and 24 hours per day while oil processing. It is estimated that work scope will take 3 days to disassemble transformer at the Killelea Substation. It is estimated that it will take 1 day to transport the transformer to Industrial substation. It is estimated that it will take another 1-2 days to vac oil fill and test the transformer.

Schedule of service crews and personnel is subject to prior sale.

EXHIBIT B – FEE PROPSAL

Schedule of Pricing

The pricing for the work scope as defined above is **$80,900.00** and good for performance by December 31, 2016. Pricing is based on scope of work listed above any delays outside the control of DSI will be billed in accordance to the DSI price list. Delta Star is not equipped to perform Ultrasonic and sonic fault detection testing.

Unless specifically noted, prices do not include:

- Any site specific or customer required access and/or safety training
- Transformer not holding vacuum from leaks other than from parts removed
- Make up oil if needed
- Moisture in oil is excessive which does not allow vacuum to drop below 1mm
- Any special and/or site-specific safety, PPE, or environmental requirements.
- Use of union labor
- Local Sales or Use tax

The price is contingent upon gaining valid shipping clearances at the time of shipment. If clearance is not available due to highway construction, changes in state regulations, changes in bridge limitations or other items beyond our control, DSI will not be responsible for any additional shipping or handling charges. The purchaser is responsible for supplying suitable and compacted access route, roads, and area around foundation.

Requested changes to work scope or delays outside the control of DSI shall be billed in accordance with DSI Price List.

Ivan Tepper
President & CEO

Jason Greene
Executive Vice President & COO

Steve Newman
Vice President
Board of Directors

Michael Fayngersh
Vice President

Steve Jones
Vice President
Chief Financial Officer

DELTA STAR
INCORPORATED

DELTA STAR EAST
3550 Mayflower Drive
Lynchburg, VA 24501
800-368-3017

DELTA STAR WEST
270 Industrial Road
San Carlos, CA 94070
800-892-8673

DELTA STAR NORTH
860 Lucien Beaudin
Saint-Jean-sur-Richelieu,
QC, Canada J2X 5V5
450-346-6622

Time and Materials Rates

Senior/ Lead Tech normal working day (8 hours) – Based on 5 working days per week and for every day or partial day travelling, Monday through Friday, no more than 8 hours per day.	**$160.00 USD per hour per man**
Junior Tech normal working day (8 hours) – Based on 5 working days per week and for every day or partial day travelling, Monday through Friday, no more than 8 hours per day.	**$135.00 USD per hour per man**
Senior/Lead Tech Overtime – Based on any work done or travel completed over 8 hours per normal work day, or any work completed or partial day	**$190.00 USD per hour per man**
Junior Tech Overtime – Based on any work done or travel completed over 8 hours per normal work day, or any work completed or partial day	**$155.00 USD per hour per man**
Processing Rig – In-use Daily Rate	**$2,000 per day**
Processing Rig – Stand-by Daily Rate (If Authorized)	**$1,000 per day**
Equipment Rentals – Price mark-up for rented equipment (crane, boom truck, etc.)	**25%**
Materials – Price mark-up for any parts or other materials not provided by customer	**25%**
Subcontractors – Price mark-up for any subcontractors necessary to complete scope of work	**25%**
Union Labor – Price will be billed at the local union post rate plus	**25%**

All company owned equipment, mileage to and from jobsites, and travel expenses are not included in the above charges. Company holidays include: New Year's Day, Easter Monday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and day after Thanksgiving Day, Christmas Eve, and Christmas Day.

Clarifications:

- Partial days of travel are charged as full eight hours days, regardless of actual time spent traveling.
- Delta Star warrants work performed by Delta Star Field Service personnel for one year.
- Seller will defend, indemnify and hold Buyer harmless against any loss, damage, liability, claim or cause of action on account of personal injury, death or property damage whether sustained by Buyer, its employees or any third party and which arises out of the negligence of Seller. Seller shall not be required to indemnify Buyer against any loss, death or injury to the extent caused by the negligence of Buyer, its agents, employees, or subcontractors. In no event shall Seller be liable to Buyer for Special, Incidental or Consequential damages of a commercial nature such as, but not limited to, lost profits, lost business, or loss of use of equipment or facilities. Liability is limited to the value of this contract for direct damages.
- Delta Star requires a certified oil test before draining or handling oil from any transformer to include PCB analysis, oil quality, and Dissolved Gas Analysis.
- All bus work and other ancillary transformer equipment must be de-energized and grounded before work begins.
- If Delta Star Field Service is delayed at any time, the above labor and equipment rates shall apply over and above any other quotation given for the scope of work being completed.
- This Term Sheet will not be amended, modified or rescinded except by written agreement signed by an authorized representative for each party.

EXHIBIT C

Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect Contractor and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, or by any subcontractor, or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY
   $2,000,000 Each Occurrence
   $4,000,000 General Aggregate

2. COMPREHENSIVE AUTOMOBILE LIABILITY
   $1,000,000 Combined Single Limit
   Such insurance shall cover liability arising out of any vehicle (including, owned, hired and non-hired vehicles) operated in performing any and all services pursuant to this Agreement. Coverage shall be written on ISO form CA 00 01 12 90, or a later version, that provides liability coverage at least as broad as this form.

3. POLLUTION LIABILITY
   $1,000,000 Each Occurrence

All limits are to be designated strictly for the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. All deductibles or self-insured retentions (SIR) must be disclosed to City's Risk Manager for approval and shall not reduce the limits of liability set forth hereinabove. Insurance policies containing any deductible or SIR provision shall provide, or be endorsed to provide, that the deductible or SIR may be satisfied by either the Named Insured(s) or the City of Lodi.

It is required that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth above, shall be available to City as an additional insured. Furthermore, the requirements for coverage and limits shall be (i) the minimum coverage and limits specified in these insurance requirements; or (ii) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Contractor; whichever is greater.

Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

A copy of the certificate(s) of insurance with the following endorsements shall be furnished to the City:

(a) Additional Named Insured Endorsement
Pursuant to a separate endorsement (ISO form CG 2010 (11/85) or a later version, that provides liability coverage at least as broad as this form) such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers as additional named insureds. An additional named insured endorsement is also required for Auto Liability.

(b) Primary and Non-Contributory Insurance Endorsement
Additional insurance coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from City's insurance or self-insurance and shall be at least as broad as ISO form CG 20 01 04 13.

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95240; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

(c) Waiver of Subrogation
Include a waiver of subrogation against the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. A waiver is required for General Liability and Auto Liability.

Insurance Requirements for Contractor (continued)

(d) Limits of Coverage
The limits of insurance coverage required may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance of Contractor shall contain, or be endorsed to contain, a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect the City as a named insured.

(e) Completed Operations Endorsement
For three years after completion of project, a certificate of insurance with a Completed Operations Endorsement, CG 20 37 07 04, will be provided to the City of Lodi.

(f) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(g) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

(h) Continuity of Coverage
All policies shall be in effect on or before the first day of the Term of this Agreement. At least thirty (30) days prior to the expiration of each insurance policy, Contractor shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the minimum requirements of this Agreement. Contractor shall provide proof of continuing insurance on at least an annual basis during the Term. If Contractor's insurance lapses or is discontinued for any reason, Contractor shall immediately notify the City and immediately obtain replacement insurance.

(i) Failure to Comply
If Contractor fails or refuses to obtain and maintain the required insurance, or fails to provide proof of coverage, the City may obtain the insurance. Contractor shall reimburse the City for premiums paid, with interest on the premium paid by the City at the maximum allowable legal rate then in effect in California. The City shall notify Contractor of such payment of premiums within thirty (30) days of payment stating the amount paid, the name(s) of the insurer(s), and rate of interest. Contractor shall pay such reimbursement and interest on the first (1st) day of the month following the City's notice. Notwithstanding any other provision of this Agreement, if Contractor fails or refuses to obtain or maintain insurance as required by this agreement, or fails to provide proof of insurance, the City may terminate this Agreement upon such breach. Upon such termination, Contractor shall immediately cease use of the Site or facilities and commence and diligently pursue the removal of any and all of its personal property from the site or facilities.

(j) Qualified Insurer(s)
All insurance required by the terms of this Agreement must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the AM Best Ratings Guide, and which are acceptable to the City. Non-admitted surplus lines carriers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

Workers Compensation Insurance The Contractor shall take out and maintain during the life of this Agreement, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this Agreement at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. **A waiver of subrogation is required for workers compensation insurance.** This policy may not be canceled nor the coverage reduced without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

NOTE: The City reserves the right to obtain a full certified copy of any insurance policy or endorsements required. Failure to exercise this right shall not constitute a waiver of the City's right to exercise after the effective date.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT FOR KILLELEA SUBSTATION BANK NO. 1 POWER TRANSFORMER RELOCATION, TEST, AND PREPARATION FOR LONG-TERM STORAGE WITH DELTA STAR, INC., OF LYNCHBURG, VIRGINIA

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WHEREAS, the City Council awarded a bid to Virginia Transformer, of Roanoke, Virginia, in the amount of $476,814, to procure a new power transformer to replace the aging Killelea Substation Bank No. 1 power transformer on April 20, 2016; and

WHEREAS, it is now necessary to remove the existing Bank No. 1 Transformer and relocate it to the Industrial Substation for long-term storage; and

WHEREAS, on August 25, 2016, a Request for Proposal (RFP) for the Killelea Substation Bank No. 1 power transformer relocation, test, and preparation for long-term storage was issued; and

WHEREAS, only Delta Star, Inc., responded to the RFP with a proposal, and their proposal was deemed to meet the requirements of the RFP; and

WHEREAS, tests will be performed on the transformer before and after the relocation to ensure no damage is incurred during the operation, which will also confirm the unit can be used in an emergency and under limited loading in the unlikely event of a catastrophic failure of any in-service substation power transformer; and

WHEREAS, this transformer will be maintained on a pad at the Industrial Substation in a de-energized state; and

WHEREAS, the actual cost of the relocation will be done on a time-and-materials basis, with the estimated cost of the operation to be approximately $80,900. A ten percent (10%) contingency has been included to cover any unforeseen circumstances, and funding is available and included in FY 2016/17 Budget Account No. 50199000.77020; and

WHEREAS, staff recommends that the City Council authorize the City Manager to execute a Professional Services Agreement with Delta Star, Inc., to execute the relocation, test, and preparation for long-term storage of the Killelea Substation Bank No. 1 power transformer.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a Professional Services Agreement for Killelea Substation Bank No. 1 Power Transformer Relocation, Test, and Preparation for Long-Term Storage with Delta Star, Inc., of Lynchburg, Virginia, in an amount not to exceed $89,000.

Dated: October 19, 2016

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I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **C-10**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for Lodi Station Parking Garage Structural Management ($66,300)

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for Lodi Station Parking Garage Structural Management, in the amount of $66,300.

BACKGROUND INFORMATION: The Lodi Station Parking Garage, located at 50 North Sacramento Street, was constructed in 2002, using post-tensioned concrete. Due to the age of the facility and observations of cracks in the concrete and masonry staff hired Siegfried Engineering, Inc. of Stockton, in April 2016 to conduct a preliminary structural assessment of the structure. The assessment report identified several issues that need to be addressed in order to maintain the parking structure's long-term structural integrity.

Staff prepared a request for proposal (RFP) for the Lodi Station Parking Garage Structural Management to solicit qualified structural engineering firms specializing in concrete structure analysis and maintenance management. Staff sent the RFP to four engineering firms and received two proposals. A committee reviewed all of the proposals and selected Siegfried Engineering, Inc. as the most qualified firm to perform the work.

The scope of work consists of two phases. The first phase of work includes structural site investigation, geotechnical investigation, structural analysis, vibration analysis, and the preparation of a prioritized capital improvement plan. The second phase includes the preparation of construction documents and construction management. The cost over the two-year term of the agreement is not to exceed $66,300. The cost to make the necessary repairs to the structure will be programmed into subsequent budget cycles as appropriate.

Staff recommends authorizing City Manager to execute Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for the Lodi Station Parking Garage Structural Management, in the amount of $66,300.

FISCAL IMPACT: Funds for this project were included in the Fiscal Year 2016/17 Transit Capital Budget.

APPROVED: _____

Stephen Schwabauer, City Manager

FUNDING AVAILABLE: Transportation Development Act (PWTR-0003.C).

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
Charles E. Swimley, Jr.
Public Works Director

Prepared by Lyman Chang, Deputy Public Works Director/ City Engineer
CES/LC/tdb
Attachment

cc: Siegfried Engineering, Inc.
Public Works Management Analyst
Transportation Manager/Sr. Traffic Engineer

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 2016, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY"), and SIEGFRIED ENGINEERING, INC. (hereinafter "CONTRACTOR").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Scope of Services, Exhibit A, attached and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for Lodi Station Parking Garage Structural Management (hereinafter "Project") as set forth in the Scope of Services attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement, upon receipt of a written notice to proceed from CITY or on the date set forth in Section 2.6, whichever occurs first, and shall perform all services diligently and complete work under this Agreement based on a mutually agreed upon timeline or as otherwise designated in the Scope of Services.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY and any other agencies involved in the project shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to

weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with reviewing agencies and make all efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Staffing

CONTRACTOR acknowledges that CITY has relied on CONTRACTOR's capabilities and on the qualifications of CONTRACTOR's principals and staff as identified in its proposal to CITY. The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CITY shall be notified by CONTRACTOR of any change of Project Manager and CITY is granted the right of approval of all original, additional and replacement personnel at CITY's sole discretion and shall be notified by CONTRACTOR of any changes of CONTRACTOR's project staff prior to any change.

CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein. CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense, keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals, and shall indemnify, defend and hold harmless CITY against any costs associated with such licenses, permits, qualifications, insurance and approvals which may be imposed against CITY under this Agreement.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on October 1, 2016 and terminates upon the completion of the Scope of Services or on September 30, 2018, whichever occurs first.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of the Fee Proposal, attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

CONTRACTOR shall submit invoices for completed work on a monthly basis, or as otherwise agreed, providing, without limitation, details as to amount of hours, individual performing said work, hourly rate, and indicating to what aspect of the Scope of Services said work is attributable. CONTRACTOR's compensation for all work under this Agreement shall not exceed the amount of the Fee Proposal.

Section 3.3 Costs

The Fee Proposal shall include all reimbursable costs required for the performance of the Scope of Services. Payment of additional reimbursable costs considered to be over and above those inherent in the original Scope of Services shall be approved in advanced and in writing, by CITY.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

CONTRACTOR to the fullest extent permitted by law, shall indemnify and hold harmless CITY, its elected and appointed officials, directors, officers, employees and volunteers from and against any claims, damages, losses, and expenses (including reasonable attorney's fees and costs), arising out of performance of the services to be performed under this Agreement, provided that any such claim, damage, loss, or expense is caused by the negligent acts, errors or omissions of CONTRACTOR, any subcontractor employed directly by CONTRACTOR, anyone directly or indirectly employed by any of them, or anyone for whose acts they may be liable, except those injuries or damages arising out of the active negligence, sole negligence, or sole willful misconduct of the City of Lodi, its elected and appointed officials, directors, officers, employees and volunteers. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, CONTRACTOR shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs. The defense and indemnification obligations required by this Agreement are undertaken in addition to, and shall not in any way be limited by the insurance obligations set forth herein.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services prior to final acceptance by CITY, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY.

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY: City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Lyman Chang

To CONTRACTOR: Siegfried Engineering, Inc.
3244 Brookside Road, Suite 100
Stockton, CA 95219
Attn: Anthony Lopes

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of

the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

CITY may terminate this Agreement, with or without cause, by giving CONTRACTOR at least ten (10) days written notice. Where phases are anticipated within the Scope of Services, at which an intermediate decision is required concerning whether to proceed further, CITY may terminate at the conclusion of any such phase. Upon termination, CONTRACTOR shall be entitled to payment as set forth in the attached Exhibit B to the extent that the work has been performed. Upon termination, CONTRACTOR shall immediately suspend all work on the Project and deliver any documents or work in progress to CITY. However, CITY shall assume no liability for costs, expenses or lost profits resulting from services not completed or for contracts entered into by CONTRACTOR with third parties in reliance upon this Agreement.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

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

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

Section 4.21 Federal Transit Funding Conditions

☐ If the box at left is checked, the Federal Transit Funding conditions attached as Exhibit D apply to this Agreement. In the event of a conflict between the terms of this Agreement or any of its other exhibits, and the Federal Transit Funding Conditions, the Federal Transit Funding Conditions will control.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:
JANICE D. MAGDICH, City Attorney

SIEGFRIED ENGINEERING, INC.

By: _____

By: _____
Name: ANTHONY LOPES
Title: Project Manager

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements
Exhibit D – Federal Transit Funding Conditions (if applicable)

Funding Source: PWTR-0003.C
(Business Unit & Account No.)

Doc ID:K:\WP\PROJECTS\PSA's\2016\Siegfried Parking garage Management PSA.doc

CA:Rev.01.2015

PROPOSED SCOPE OF WORK

PROPOSED SCOPE OF WORK

In general, the scope of work for this project consists of the following basic elements:

- Investigation of beam to column connection cracking,
- Identify and design repairs for an assortment of concrete and masonry cracks and spalls throughout the structure,
- A geotechnical investigation of elevator tower foundations,
- Investigation of rusted framing
- Preparation of construction documents to bring the structure into a safe and maintainable condition.
- Construction management

Our detailed scope of work includes the following:

A. Structural Site Investigation

1. Conduct a thorough site review to locate, identify and quantify all conditions requiring repair. This includes, slab and wall cracks, cracked beam to column connections, and spalling. This includes measurements of crack widths where needed.

2. Upon completion of this effort, we will prepare base drawings to document and identify these locations.

3. Remove fire proofing materials to enable closer examination of rusted steel roof framing within the museum area. We will document visual observations for use in the design of repairs, if warranted.

Replacement of fire proofing materials is not included in this scope of work.

B. Geotechnical Investigation

The Geotechnical Investigation work will be performed by Siegfried's sub-consultant, Terracon and consists of the following:

Field Program– A San Joaquin County drilling permit will be paid for and submitted by Terracon. Based on the as-built plans, they will perform two borings extended to depths of approximately 40 feet below ground surface (bgs). One boring will be performed near each elevator tower. They will need to core through the sidewalk to perform the exploratory borings.

Since groundwater is approximately 90 feet in depth based on a review of nearby well logs from the California Department of Water Resources Water Data Library, an evaluation of potential liquefaction is not required nor should groundwater affect our geotechnical analysis.

Test samples will be collected during drilling in general accordance with the appropriate ASTM methods. Standard Penetration Testing (SPT) and sampling using either standard split-spoon or Modified California samplers will be performed at approximately 5-foot intervals to the maximum depth drilled. Once the samples have been collected and classified in the field, they will be placed in appropriate sample containers for transport to our laboratory.

Soil cuttings will be generated at the site from our field explorations. Terracon will dispose of soil cuttings at the eastern portion of the site.

Conditions/Items to be provided by Client: Items to be provided by the client include all plans and initial structural calculations available for the existing structure. Terracon should also be provided the right of entry to conduct the exploration and an awareness and/or location of any private subsurface utilities existing in the area.

Terracon will contact Underground Services Alert (USA) for location of utilities in public easements and attempt to contact all utility agencies listed on the USA ticket.

Terracon will also provide a utility location service to check the boring location for existing private underground utilities. Our utility locating service generally uses several tools to locate underground utilities (i.e. Ground Penetrating Radar, Magnetometer, and Radio Detection). Care should be taken to understand that these are tools that are used to help locate underground utility conduits and lines, they are not intended to replace the most accurate form of identification, hand excavating/pot-holing.

Terracon will take reasonable efforts to reduce damage to the concrete slabs and pavements. However, it should also be understood that in the normal course of our work some such disturbance could occur. Terracon have not budgeted to restore the area beyond backfilling our boreholes with neat cement. If there are any restrictions or special requirements regarding this site or exploration, these should be known prior to commencing field work.

Our proposal assumes that the field exploration can be performed with Level D personal protective equipment. If evidence of contamination is observed in the boring, the exploration will be terminated and our findings discussed with you. Should additional personal protective equipment or special borehole sealing procedures become necessary, our fee will be discussed with you prior to commencing further drilling.

Our fee is based on the lot being accessible to our track mounted drilling rig and Terracon providing layout of the borings. Additional costs may result if this is not the case. Our fee does not include services associated with site clearing, Wet ground conditions, landscape modification, or damage of existing landscape. If such conditions are known to exist, Terracon should be notified so that Terracon may adjust our scope of services and fee, if necessary.

Excess auger cuttings will be disposed of as previously described. Test borings will be backfilled with neat cement as required by San Joaquin County Environmental Health Department. Because backfill material often settles below the surface after a period of time, Terracon recommend the borehole be checked periodically and backfilled if necessary. Terracon could provide this service at your request but this will involve additional cost.

Laboratory Testing – The samples will be tested in our laboratory to determine physical engineering characteristics. Testing will be performed under the direction of a licensed geotechnical engineer and may include visual classification, moisture content, dry density, sieve analysis, Atterberg limits, strength, and consolidation tests as appropriate.

Engineering Analysis and Report – The results of our field and laboratory programs will be evaluated by a professional geotechnical engineer licensed in the State of California. Based on the results of our evaluation, a geotechnical engineering report will be prepared that details the results of the testing performed, provides a log of the borings, and contains a diagram of the site/boring layout.

The report will include the following:

- Computer generated boring log with soil stratification based on visual soil classification.
- Summarized laboratory data.
- Boring location plan.
- Subsurface exploration procedures.
- Soil conditions encountered.
- Settlement analysis for shallow column loads and mat foundation at elevator towers.

Alternative Geotechnical Task

In addition to the Geotechnical services described above, and depending on the findings, we are offering one alternative task item, Vibration Monitoring. Since this structure is located adjacent to the railways, there is a possibility; vibrations from passing freight trains may be playing a role in the elevator tower settlement. The objective of vibration monitoring survey is to estimate the expected vibration levels resulting from the passing of passenger and freight trains. Our plan is to arrive on site and install 3-6 instruments and record vibratory data for one business day. With that data, we will process the records and provide ground motion attenuation curves with peak particle velocities that we will use in determining the effects of the nearby vibrations have on the building.

C. Structural Analysis

Perform a structural analysis of the beam to column connections to identify whether any strengthening provisions are required. This analysis will be conducted per the building code in effect at the time of the structure's original design and permitting. We will also comment on, if applicable, any building code or industry changes or findings relevant to this condition.

This analysis is limited to this specific condition and does not include analysis of other components except as required to design beam to column repair features.

D. Capital Improvement Plan

1. Prepare 30% completion levels construction documents, plans and specifications, to identify all repair features
2. Provide a matrix identifying repair phasing, sequencing, repair priorities and associated engineer's opinion of probable construction costs.
3. Prepare a structural maintenance plan to identify specific ongoing maintenance activities and frequency as required to maintain the structural features of the building.

E. Construction Documents

Prepare construction documents at the 60%, 90% and 100% completion levels for the City's review. Provide an itemized response to plan review comments at each level of submittals.

F. Construction Management

Provide construction management services consisting of the following tasks;

1. Prepare building permit application packages including plans, specifications and structural calculations. Revise construction documents based on building department comments.
2. Assist contractor with plan interpretation, preparing minor plan addenda as required to clarify plan details and respond to RFI's during bidding and construction.
3. Review contractor product and shop drawing submittals.
4. Three site visits during construction.

G. Exclusions

Exclusions to the above scope of work shall be any service not specifically described above and shall exclude the following items of work. These services may be performed by Siegfried at additional cost with prior written agreement:

1. Civil Engineering for site infrastructure design such as grading, drainage and utilities;
2. Topographic surveying;
3. Construction inspections, testing and oversight;
4. Traffic control plans;
5. Evaluations of value engineering submittals by contractor or client once plans are substantially complete (redesign and analysis);
6. Architectural plans for finishes and moisture proofing details not related to structural maintenance; and
7. Design of electrical, mechanical and fire sprinkler modifications that may be required to implement repairs.

SIEGFRIED

Exhibit B

Lodi Station Parking Garage
Structural Management

Schedule of Fees
September 15, 2016

Task	Task Description	Fee
9A	Structural Site Investigation	$ 9,000
9B	Geotechnical Investigation	$ 10,000
	Alternate Geotechnical Task - Vibration Monitoring	$ 8,500
9C	Structural Analysis	$ 5,800
9D	Capital Improvement Plan	$ 9,500
9E	Construction Documents	$ 17,500
9F	Construction Management	$ 6,000
	Total Fee, Not to Exceed	**$ 66,300**

Notes:

NOT TO EXCEED
$66,300

1. Additional services are subject to additional charge mutually agreed to prior to start of the additional work. Changes in the scope of services or magnitude of the Project are additional services. Should the Project be postponed or canceled, our office will bill for the time expended on the Project up to the time of notification including close-out cost.

2. We will bill you monthly based on time expended plus reimbursable expenses. Reimbursable expenses shall be billed in accordance with our rate schedule in effect at the time services are rendered.

SIEGFRIED

Charge Rate Schedule

Contact Information

Stockton
3244 Brookside Road, Ste. 100
Stockton, CA 95219
209.943.2021

Sacramento
109 Scripps Drive
Sacramento, CA 95825
916.520.2777

San Jose
111 North Market Street, Ste. 300
San Jose, CA 95113
408.754.2021

» **siegfriedeng.com**

Professional Classification	Hourly Rate
Senior Principal	$235
Principal	$220
Associate Principal	$200
Senior Associate	$185
Associate	$165
Project Engineer	$157
Engineer II	$143
Engineer I	$127
Project Landscape Architect	$155
Landscape Architect II	$133
Landscape Architect I	$110
Project Land Surveyor	$157
Surveyor II	$141
Surveyor I	$124
Survey Crew, 2 Person	$254
Survey Crew, 1 Person	$168
Instrumentman	$180
Chainman/Rodman	$124
Senior Technician	$124
Technician III	$110
Technician II	$95
Technician I	$80
Expert Witness	$400
Clerical	$75

Reimbursable Expenses

Printing, Copying, Materials, Etc.	Cost + 10%
Mileage	In accordance with Federal Standard Mileage Reimbursement Rates

Notes

1. Instrumentman and Chainman rates apply to services requiring Prevailing Wage Rates for work performed at the job site.
2. These rates are effective May 30, 2016 and are subject to periodic adjustments.

EXHIBIT C

Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect Contractor and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, or by any subcontractor, or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY
   $2,000,000 Each Occurrence
   $4,000,000 General Aggregate

2. COMPREHENSIVE AUTOMOBILE LIABILITY
   $1,000,000 Combined Single Limit
   Such insurance shall cover liability arising out of any vehicle (including, owned, hired and non-hired vehicles) operated in performing any and all services pursuant to this Agreement. Coverage shall be written on ISO form CA 00 01 12 90, or a later version, that provides liability coverage at least as broad as this form.

All limits are to be designated strictly for the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. All deductibles or self-insured retentions (SIR) must be disclosed to City's Risk Manager for approval and shall not reduce the limits of liability set forth hereinabove. Insurance policies containing any deductible or SIR provision shall provide, or be endorsed to provide, that the deductible or SIR may be satisfied by either the Named Insured(s) or the City of Lodi.

It is required that any available insurance proceeds broader than or in excess of the specified minimum insurance coverage requirements and/or limits set forth above, shall be available to City as an additional insured. Furthermore, the requirements for coverage and limits shall be (i) the minimum coverage and limits specified in these insurance requirements; or (ii) the broader coverage and maximum limits of coverage of any insurance policy or proceeds available to the Contractor; whichever is greater.

Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in the California Tort Claims Act (California Government Code Section 810 et seq.).

A copy of the certificate(s) of insurance with the following endorsements shall be furnished to the City:

(a) Additional Named Insured Endorsement
Pursuant to a separate endorsement (ISO form CG 2010 (11/85) or a later version, that provides liability coverage at least as broad as this form) such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers as additional named insureds. An additional named insured endorsement is also required for Auto Liability.

(b) Primary and Non-Contributory Insurance Endorsement
Additional insurance coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from City's insurance or self-insurance and shall be at least as broad as ISO form CG 20 01 04 13.

NOTE: (1) The street address of the **CITY OF LODI** must be shown along with (a) and (b) above: 221 West Pine Street, Lodi, California, 95240; (2) The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

(c) Waiver of Subrogation
Include a waiver of subrogation against the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. A waiver is required for General Liability and Auto Liability.

(d) Limits of Coverage
The limits of insurance coverage required may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance of Contractor shall contain, or be endorsed to contain, a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect the City as a named insured.

Insurance Requirements for Contractor (continued)

(e) Completed Operations Endorsement
For three years after completion of project, a certificate of insurance with a Completed Operations Endorsement, CG 20 37 07 04, will be provided to the City of Lodi.

(f) Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

(g) Notice of Cancellation or Change in Coverage Endorsement
This policy may not be canceled nor the coverage reduced by the company without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

(h) Continuity of Coverage
All policies shall be in effect on or before the first day of the Term of this Agreement. At least thirty (30) days prior to the expiration of each insurance policy, Contractor shall furnish a certificate(s) showing that a new or extended policy has been obtained which meets the minimum requirements of this Agreement. Contractor shall provide proof of continuing insurance on at least an annual basis during the Term. If Contractor's insurance lapses or is discontinued for any reason, Contractor shall immediately notify the City and immediately obtain replacement insurance.

(i) Failure to Comply
If Contractor fails or refuses to obtain and maintain the required insurance, or fails to provide proof of coverage, the City may obtain the insurance. Contractor shall reimburse the City for premiums paid, with interest on the premium paid by the City at the maximum allowable legal rate then in effect in California. The City shall notify Contractor of such payment of premiums within thirty (30) days of payment stating the amount paid, the name(s) of the insurer(s), and rate of interest. Contractor shall pay such reimbursement and interest on the first (1st) day of the month following the City's notice. Notwithstanding any other provision of this Agreement, if Contractor fails or refuses to obtain or maintain insurance as required by this agreement, or fails to provide proof of insurance, the City may terminate this Agreement upon such breach. Upon such termination, Contractor shall immediately cease use of the Site or facilities and commence and diligently pursue the removal of any and all of its personal property from the site or facilities.

(j) Qualified Insurer(s)
All insurance required by the terms of this Agreement must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the AM Best Ratings Guide, and which are acceptable to the City. Non-admitted surplus lines carriers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

Workers Compensation Insurance The Contractor shall take out and maintain during the life of this Agreement, Worker's Compensation Insurance for all of Contractor's employees employed at the site of the project and, if any work is sublet, Contractor shall require the subcontractor similarly to provide Worker's Compensation Insurance for all of the latter's employees unless such employees are covered by the protection afforded by the Contractor. In case any class of employees engaged in hazardous work under this Agreement at the site of the project is not protected under the Worker's Compensation Statute, the Contractor shall provide and shall cause each subcontractor to provide insurance for the protection of said employees. **A waiver of subrogation is required for workers compensation insurance.** This policy may not be canceled nor the coverage reduced without 30 days' prior written notice of such cancellation or reduction in coverage to the Risk Manager, City of Lodi, 221 West Pine St., Lodi, CA 95240.

NOTE: The City reserves the right to obtain a full certified copy of any insurance policy or endorsements required. Failure to exercise this right shall not constitute a waiver of the City's right to exercise after the effective date.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE A
PROFESSIONAL SERVICES AGREEMENT WITH
SIEGFRIED ENGINEERING, INC., OF STOCKTON, FOR LODI
STATION PARKING GARAGE STRUCTURAL MANAGEMENT

==========

WHEREAS, Siegfried Engineering, Inc., was hired in April 2016 to conduct a preliminary structural assessment of the parking structure and identified several issues that need to be addressed in order to maintain the parking structure's long-term structural integrity; and

WHEREAS, staff sent a Request for Proposal to four engineering firms and received two proposals. A committee reviewed all of the proposals and selected Siegfried Engineering, Inc., as the most-qualified firm to perform the work; and

WHEREAS, the scope of work consists of two phases: The first phase includes structural site investigation, geotechnical investigation, structural analysis, vibration analysis, and the preparation of a prioritized capital improvement plan. The second phase includes the preparation of construction documents and construction management; and

WHEREAS, staff recommends that the City Council authorize the City Manager to execute a Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, for the Lodi Station Parking Garage Structural Management, in an amount not to exceed $66,300.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute a Professional Services Agreement with Siegfried Engineering, Inc., of Stockton, California, for the Lodi Station Parking Garage Structural Management, in an amount not to exceed $66,300.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM C-11

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Service Maintenance Agreement with Sungard Public Sector, Inc., of Lake Mary, Florida and Further Authorize the City Manager to Execute Future Budgeted Annual Maintenance Agreements with Sungard Public Sector, Inc., on Behalf of the City of Lodi ($151,921.38)

MEETING DATE: October 19, 2016

PREPARED BY: Chief of Police

RECOMMENDED ACTION: Adopt Resolution Authorizing City Manager to Execute Service Maintenance Agreement with Sungard Public Sector, Inc., of Lake Mary, Florida and Further Authorize the City Manager to Execute Future Budgeted Annual Maintenance Agreements with Sungard Public Sector, Inc., on Behalf of the City of Lodi ($151,921.38)

BACKGROUND INFORMATION: Since 2009 the Lodi Police Department has utilized Sungard Public Sector, Inc. as the provider of our department computer aided dispatch system.

The Sungard OSSI system provides records management, computer-aided dispatching, in-field reporting, mobile computing, and statistical data that enhance the department's ability to function more efficiently. An annual maintenance agreement is required; and provides software and hardware support to address software issues and system malfunctions.

The City extended the agreement from October 2015 through September 2016 at a cost of $147,495.72. The service contract for October 2016 through September 2017 was increased by 3 percent to $151,921.38. The maintenance agreement provides ongoing technical support that will minimize any disruption in the department's ability to provide service. Staff further requests authorization allowing the City Manager to execute all future budgeted annual maintenance agreements with Sungard Public Sector on behalf of the City of Lodi.

FISCAL IMPACT: $151,921.38 is included in the FY 2016/17 budget.

FUNDING AVAILABLE: $151,921.38 (10031004.72450)

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
Tod Patterson
Chief of Police

Prepared by: Paula O'Keefe, Management Analyst

APPROVED: _____
Stephen Schwabauer, City Manager

AGREEMENT FOR PROFESSIONAL SERVICES

ARTICLE 1
PARTIES AND PURPOSE

Section 1.1 Parties

THIS AGREEMENT is entered into on _____, 2016, by and between the CITY OF LODI, a municipal corporation (hereinafter "CITY" or "Customer"), and SunGard Public Sector Inc., a Florida Corporation (hereinafter "CONTRACTOR" or "SunGard Public Sector").

Section 1.2 Purpose

CITY selected the CONTRACTOR to provide the services required in accordance with attached Exhibit A - Scope of Services attached hereto and incorporated by this reference.

CITY wishes to enter into an agreement with CONTRACTOR for support and maintenance services (hereinafter "Support") as set forth in the Scope of Services and the related terms and conditions attached here as Exhibit A. CONTRACTOR acknowledges that it is qualified to provide such services to CITY.

ARTICLE 2
SCOPE OF SERVICES

Section 2.1 Scope of Services

CONTRACTOR, for the benefit and at the direction of CITY, shall perform the Scope of Services as set forth in Exhibit A.

Section 2.2 Time For Commencement and Completion of Work

CONTRACTOR shall commence work pursuant to this Agreement on the date set forth in Section 2.6 and shall perform all services in a commercially reasonable manner and complete work under this Agreement as designated in Section 2.6.

CONTRACTOR shall submit to CITY such reports, diagrams, drawings and other work products as may be designated in the Scope of Services.

CONTRACTOR shall not be responsible for delays caused by the failure of CITY staff to provide required data or review documents within the appropriate time frames. The review time by CITY shall not be counted against CONTRACTOR's contract performance period. Also, any delays due to weather, vandalism, acts of God, etc., shall not be counted. CONTRACTOR shall remain in contact with Customer and make commercially reasonable efforts to review and return all comments.

Section 2.3 Meetings

CONTRACTOR and CITY shall attend meetings as may be set forth in the Scope of Services.

Section 2.4 Representations, Indemnification

The Scope of Services shall be performed by CONTRACTOR, unless agreed to otherwise by CITY in writing. CONTRACTOR represents it is prepared to and can perform all services within the Scope of Services (Exhibit A) and is prepared to and can perform all services specified therein.

CONTRACTOR represents that it has, or will have at the time this Agreement is executed, all licenses, permits, qualifications, insurance and approvals of whatsoever nature are legally required for CONTRACTOR to practice its profession, and that CONTRACTOR shall, at its own cost and expense,

keep in effect during the life of this Agreement all such licenses, permits, qualifications, insurance and approvals. CONTRACTOR will defend, indemnify and hold CITY harmless from and against any loss, cost and expense that CITY incurs because of a claim that use of a Licensed Program, as hereinafter defined, infringes any United States copyright of others. CONTRACTOR's obligations under this indemnification are expressly conditioned on the following: (i) CITY must promptly notify CONTRACTOR of any such claim; (ii) CITY must in writing grant CONTRACTOR sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if CITY chooses to represent its own interests in any such action, CITY may do so at its own expense, but such representation must not prejudice CONTRACTOR's right to control the defense of the claim and negotiate its settlement or compromise); (iii) CITY must cooperate with CONTRACTOR to facilitate the settlement or defense of the claim; (iv) the claim must not arise from modifications or (with the express exception of the other Licensed Programs and third party hardware and software specified by CONTRACTOR in writing as necessary for use with the Licensed Program(s) giving rise to the infringement claim) from the use or combination of products provided by CONTRACTOR with items provided by CITY or others. If any Licensed Program is, or in CONTRACTOR's opinion is likely to become, the subject of a United States copyright infringement claim, then CONTRACTOR, at its sole option and expense, will either: (A) obtain for CITY the right to continue using the Licensed Program under the terms of this Agreement; (B) replace the Licensed Program with products that are substantially equivalent in function, or modify the Licensed Program so that it becomes non-infringing and substantially equivalent in function; or (C) refund to CITY the portion of the license fee paid to CONTRACTOR for the Licensed Program(s) giving rise to the infringement claim, less a charge for use by CITY based on straight line depreciation assuming a useful life of five (5) years.

Section 2.5 Subcontracts

Unless prior written approval of CITY is obtained, CONTRACTOR shall not enter into any subcontract with any other party for purposes of providing any work or services covered by this Agreement.

Section 2.6 Term

The term of this Agreement commences on October 1, 2016 and concludes on September 30, 2017. The Term is renewable as provided in Exhibit A.

ARTICLE 3
COMPENSATION

Section 3.1 Compensation

CONTRACTOR's compensation for all work under this Agreement shall conform to the provisions of Exhibit A as well as the Fee Proposal which is attached hereto as Exhibit B and incorporated by this reference.

CONTRACTOR shall not undertake any work beyond the scope of this Agreement unless such additional work is approved in advance and in writing by CITY.

Section 3.2 Method of Payment

As provided in Exhibit A.

Section 3.3 Costs

As provided in Exhibit A.

Section 3.4 Auditing

CITY reserves the right to periodically audit all charges made by CONTRACTOR to CITY for services under this Agreement. Upon request, CONTRACTOR agrees to furnish CITY, or a designated representative, with reasonably necessary information and assistance needed to conduct such an audit.

CONTRACTOR agrees that CITY or its delegate will have the right to review, obtain and copy all records pertaining to performance of this Agreement. CONTRACTOR agrees to provide CITY or its delegate with any relevant information requested and shall permit CITY or its delegate access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. CONTRACTOR further agrees to maintain such records for a period of three (3) years after final payment under this Agreement.

ARTICLE 4
MISCELLANEOUS PROVISIONS

Section 4.1 Nondiscrimination

In performing services under this Agreement, CONTRACTOR shall not discriminate in the employment of its employees or in the engagement of any sub-CONTRACTOR on the basis of race, color, religion, sex, sexual orientation, marital status, national origin, ancestry, age, or any other criteria prohibited by law.

Section 4.2 ADA Compliance

In performing services under this Agreement, CONTRACTOR shall comply with the Americans with Disabilities Act (ADA) of 1990, and all amendments thereto, as well as all applicable regulations and guidelines issued pursuant to the ADA.

Section 4.3 Indemnification and Responsibility for Damage

To the fullest extent permitted by law, and to the extent provided for under this Agreement, for claims related to bodily injury, death and damage to real property and tangible personal property, as well as fines, assessments and penalties imposed by any authority, Contractor shall indemnify and hold harmless the CITY from and against all direct damages and costs of any kind, including but not limited to reasonable attorney fees, arising out of or resulting from any negligent acts, or negligent omissions of Contractor, regardless of whether such claims are caused in part by any party indemnified hereunder, but not to the extent that the CITY is legally liable for such damages and costs. In no event, however, will Contractor be liable for any consequential damages, including lost profits, savings or reprocurement costs, even if Contractor has been advised of their possibility.

Section 4.4 No Personal Liability

Neither the City Council, nor any other officer or authorized assistant or agent or City employee shall be personally responsible for any liability arising under this Agreement.

Section 4.5 Responsibility of CITY

CITY shall not be held responsible for the care or protection of any material or parts of the work described in the Scope of Services, except as expressly provided herein.

Section 4.6 Insurance Requirements for CONTRACTOR

CONTRACTOR shall take out and maintain during the life of this Agreement, insurance coverage as set forth in Exhibit C attached hereto and incorporated by this reference.

Section 4.7 Successors and Assigns

CITY and CONTRACTOR each bind themselves, their partners, successors, assigns, and legal representatives to this Agreement without the written consent of the others. CONTRACTOR shall not assign or transfer any interest in this Agreement without the prior written consent of CITY. Consent to any such transfer shall be at the sole discretion of CITY. Notwithstanding, CONTRACTOR reserves the right to assignment of this Agreement to CONTRACTOR's successor by merger or consolidation or to any person or entity that acquires all or substantially all of its capital stock or assets

Section 4.8 Notices

Any notice required to be given by the terms of this Agreement shall be in writing signed by an authorized representative of the sender and shall be deemed to have been given when the same is personally served or upon receipt by express or overnight delivery, postage prepaid, or three (3) days from the time of mailing if sent by first class or certified mail, postage prepaid, addressed to the respective parties as follows:

To CITY:
City of Lodi
221 West Pine Street
P.O. Box 3006
Lodi, CA 95241-1910
Attn: Paula O'Keefe

To CONTRACTOR:
SunGard Public Sector Inc.
1000 Business Center Drive
Lake Mary, FL 32746
Attn: Vice-President

Section 4.9 Cooperation of CITY

CITY shall cooperate fully and in a timely manner in providing relevant information it has at its disposal relevant to the Scope of Services.

Section 4.10 CONTRACTOR is Not an Employee of CITY

CONTRACTOR agrees that in undertaking the duties to be performed under this Agreement, it shall act as an independent contractor for and on behalf of CITY and not an employee of CITY. CITY shall not direct the work and means for accomplishment of the services and work to be performed hereunder. CITY, however, retains the right to require that work performed by CONTRACTOR meet specific standards without regard to the manner and means of accomplishment thereof.

Section 4.11 Termination

See Exhibit A, Section 9.

Section 4.12 Confidentiality

CONTRACTOR agrees to maintain confidentiality of all work and work products produced under this Agreement, except to the extent otherwise required by law or permitted in writing by CITY. CITY

agrees to maintain confidentiality of any documents owned by CONTRACTOR and clearly marked by CONTRACTOR as "Confidential" or "Proprietary", except to the extent otherwise required by law or permitted in writing by CONTRACTOR. CONTRACTOR acknowledges that CITY is subject to the California Public Records Act.

Section 4.13 Applicable Law, Jurisdiction, Severability, and Attorney's Fees

This Agreement shall be governed by the laws of the State of California. Jurisdiction of litigation arising from this Agreement shall be venued with the San Joaquin County Superior Court. If any part of this Agreement is found to conflict with applicable laws, such part shall be inoperative, null, and void insofar as it is in conflict with said laws, but the remainder of this Agreement shall be in force and effect. In the event any dispute between the parties arises under or regarding this Agreement, the prevailing party in any litigation of the dispute shall be entitled to reasonable attorney's fees from the party who does not prevail as determined by the San Joaquin County Superior Court.

Section 4.14 City Business License Requirement

CONTRACTOR acknowledges that Lodi Municipal Code Section 3.01.020 requires CONTRACTOR to have a city business license and CONTRACTOR agrees to secure such license and pay the appropriate fees prior to performing any work hereunder.

Section 4.15 Captions

The captions of the sections and subsections of this Agreement are for convenience only and shall not be deemed to be relevant in resolving any question or interpretation or intent hereunder.

Section 4.16 Integration and Modification

This Agreement represents the entire understanding of CITY and CONTRACTOR as to those matters contained herein. No prior oral or written understanding shall be of any force or effect with respect to those matters covered hereunder. This Agreement may not be modified or altered except in writing, signed by both parties.

Section 4.17 Contract Terms Prevail

All exhibits and this Agreement are intended to be construed as a single document. Should any inconsistency occur between the specific terms of this Agreement and the attached exhibits, the terms of this Agreement shall prevail.

Section 4.18 Severability

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

Section 4.19 Ownership of Documents

All documents, photographs, reports, analyses, audits, computer media, or other material documents or data, and working papers, whether or not in final form, which have been obtained or prepared under this Agreement, shall be deemed the property of CITY. Upon CITY's request, CONTRACTOR shall allow CITY to inspect all such documents during CONTRACTOR's regular business hours. Upon termination or completion of services under this Agreement, all information collected, work product and documents shall be delivered by CONTRACTOR to CITY within ten (10) calendar days.

CITY agrees to indemnify, defend and hold CONTRACTOR harmless from any liability resulting from CITY's use of such documents for any purpose other than the purpose for which they were intended.

Notwithstanding any contrary terms contained in this Section 4.19, all Vendor Programs are and shall remain the sole property of SunGard Public Sector as provided under Exhibit A, Section 7.

Section 4.20 Authority

The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement.

IN WITNESS WHEREOF, CITY and CONTRACTOR have executed this Agreement as of the date first above written.

CITY OF LODI, a municipal corporation

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

STEPHEN SCHWABAUER
City Manager

APPROVED AS TO FORM:

JANICE D. MAGDICH
City Attorney

SUNGARD PUBLIC SECTOR INC.

By: Lisa Neumann
Name: LISA NEUMANN
Title: Controller

Attachments:
Exhibit A – Scope of Services
Exhibit B – Fee Proposal
Exhibit C – Insurance Requirements

Funding Source:10031004.72450
(Business Unit & Account No.)
Doc ID:

CA:rev.09.2011

SUNGARD PUBLIC SECTOR INC.
LICENSED PROGRAM(S) SUPPORT AGREEMENT

WITNESSETH:

WHEREAS, SunGard Public Sector and Customer entered into that certain SunGard Public Sector Software License Agreement dated September 2, 2008 (the "License Agreement") under which Customer obtained a perpetual, non-exclusive, nontransferable license to use certain computer software in object code form and related user documentation on certain terms and conditions;

WHEREAS, Customer desires to receive the Support, as defined herein, from SunGard Public Sector and SunGard Public Sector desires to render the Support to Customer with respect to the Licensed Program (as hereinafter defined) on the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the premises hereof, and the mutual obligations herein, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1

DEFINITIONS

For the purposes of this Agreement, the following definitions shall apply to the respective capitalized terms:

1.1 "Licensed Program." "Licensed Program" means the software identified in a schedule, supplement or amendment to the License Agreement between the parties (Schedules), including any extracts from such software, derivative works of such software, or collective works constituting such software (such as subsequent Releases) to the extent offered to Customer under this Agreement or License Agreement. This excludes computer software not developed by SunGard Public Sector which might be used in conjunction with the SunGard Public Sector Public Safety Licensed Program, such as word processors, spreadsheets, terminal emulators, etc.

1.2 "Modification." "Modification" means a change to the Licensed Program requested by Customer to meet its specific needs and use, adding value, functionality and/or desirability for Customer.

1.3 "Agreement Term." An initial period shall commence upon the Maintenance Plan Start Date reflected on Exhibit B and extend for a period of one year. Thereafter, the Agreement Term shall automatically renew for successive periods of one year each unless and until terminated pursuant to Section 9 hereof or otherwise superseded by the execution of a new Licensed Program Support Agreement. In no event, however, shall the Agreement Term extend beyond the prescribed term of the License Agreement.

1.4 "Error." Any failure of the Licensed Program to conform in all material respects to the functional specifications for the Licensed Program published from time to time by SunGard Public Sector. However, any nonconformity resulting from Customer's misuse or improper use of the Licensed Program or combining or merging the Licensed Program with any hardware or software not supplied by SunGard Public Sector, or not authorized to be so combined or merged by SunGard Public Sector, shall not be considered an Error.

Nor shall Licensed Program or data file damage resulting from unauthorized software alterations (including problems, errors, or malfunctions caused or created by the operator), customizing of programs, accident, neglect, power surge or failure, lightning, operating environment not in conformance with the manufacturer's specifications (for electric power, air quality, humidity or temperature), operating system errors, or hardware malfunction be considered an Error.

1.5 "Error Correction." Either a software modification or addition that, when made or added to the Licensed Program, establishes material conformity of the Licensed Program to the functional specifications, or a procedure or routine that, when observed in the regular operation of the Licensed Program, eliminates the practical adverse effect on Customer of such nonconformity. Not covered under Error Correction is the responsibility for data file damage due to software or hardware malfunction.

1.6 "Enhancement." Any modification or addition that, when made or added to the Licensed Program, materially changes its utility, efficiency, functional capability, or application, but that does not constitute solely an Error Correction. Enhancements may be designated by SunGard Public Sector as minor or major, depending on SunGard Public Sector's assessment of their value and of the function added to the preexisting Licensed Program.

1.7 "Coverage Hours." Monday through Friday 7:00 A.M. to 6:00 P.M. Eastern Standard Time excluding holidays for any questions regarding the Licensed Program(s) included in this Agreement. For a Major Application Problem on SunGard Public Sector's Base Computer Aided Dispatch System (Base CAD) only, SunGard Public Sector coverage hours will be 24-hours per day, 7-days per week.

1.8 "Response Time." Within Eight (8) hours of the Coverage Hours from the time that SunGard Public Sector verifies that an Error is present, SunGard Public Sector will initiate work toward development of an Error Correction for a Major Application Problem. Minor Application Problems will be fixed with the next scheduled Licensed Program Release.

1.9 "Licensed Program Releases." New versions of the Licensed Program, which new versions may include both Error Corrections and Enhancements.

1.10 "System Administrator." An agent of Customer with sufficient training and/or experience with the Licensed Program to communicate effectively with the SunGard Public Sector Support personnel.

1.11 "Major Application Problem." The Licensed Program is not functioning to the point that the Licensed Program is the cause of the Customer not being able to enter CAD calls, dispatch units, or update unit status in the Base CAD system. Therefore, the Base CAD system is down or non-operational because of the Licensed Program as determined by SunGard Public Sector.

1.12 "Minor Application Problem." The Licensed Program functions with inconveniences or programmatic error; however, the Licensed Program has not stopped Customers' daily operations.

1.13 "Non-Application Problem" is a problem, which is determined by SunGard Public Sector to have been caused by a source other than the Licensed Program, such as hardware failure, network malfunction, etc.

Section 2

ELIGIBILITY FOR SUPPORT

To be eligible for support for a Licensed Program, Customer must meet the following requirements. Acceptance of this Agreement by SunGard Public Sector is conditioned upon confirmation by SunGard Public Sector that the Licensed Program is eligible for support. Customer agrees that the obligation of SunGard Public Sector to continue to provide Services with respect to a Licensed Program shall terminate if, at any time during the term of this Agreement, these requirements are not met. To be eligible for Support for a Licensed Program, Customer must meet all of the following requirements:

a. Customer has a valid Software License Agreement for the Licensed Program.

b. Customer has a System Administrator.

c. The hardware configuration on which the Licensed Program is to be used is supported by SunGard Public Sector.

d. Customer is, and remains, in compliance with the schedule of payments.

SunGard Public Sector may require Customer to appoint a new System Administrator if SunGard Public Sector determines that the System Administrator does not have the training or experience necessary to communicate effectively with the SunGard Public Sector support personnel.

Section 3

SCOPE OF SERVICES

3.1 During the Agreement Term, SunGard Public Sector shall render the following services in support of the Licensed Program, during Coverage Hours, subject to the compensation fixed for each type of service in SunGard Public Sector 's current rate schedule:

a. SunGard Public Sector shall maintain a program control center capable of receiving by telephone any operator reports of system irregularities.

b. SunGard Public Sector shall maintain a telephone hot line that allows Customer to report system problems and seek assistance in use of the Licensed Program.

c. SunGard Public Sector shall maintain a trained staff capable of rendering the services set forth in this Agreement.

d. SunGard Public Sector shall be responsible for using all reasonable diligence in correcting verifiable and reproducible Errors when reported to SunGard Public Sector in accordance with SunGard Public Sector's standard reporting procedures. SunGard Public Sector shall, after verifying that such an Error is present, initiate work, within Response Time, in a diligent manner toward development of an Error Correction. Following completion of the Error Correction, SunGard Public Sector shall provide the Error Correction through a "temporary fix" consisting of sufficient programming and operating instructions to implement the Error Correction, and SunGard Public Sector shall include the Error Correction in all subsequent Releases of the Licensed Program. SunGard Public Sector shall not be responsible for correcting Errors in any version of the Licensed Program other than the most recent Release of the Licensed Program, provided that SunGard Public Sector shall continue to support prior Releases superseded by recent Releases for a reasonable period sufficient to allow Customer to implement the newest Release, not to exceed 180 days.

e. SunGard Public Sector may, from time to time, issue new Releases of the Licensed Program to its customers generally, containing Error Corrections, minor Enhancements, and, in certain instances if SunGard Public Sector so elects, major Enhancements. SunGard Public Sector shall provide Customer with one copy of each new Release, without additional charge. SunGard Public Sector shall provide reasonable assistance to help Customer install and operate each new Release, provided that such assistance, if required to be provided at Customer's facility, shall be subject to the supplemental charges set forth in SunGard Public Sector's current rate schedule.

f. Subject to space availability and training fees, Customer may enroll its employees in SunGard Public Sector's training classes.

g. SunGard Public Sector shall consider and evaluate the development of Enhancements for the specific use of Customer and shall respond to Customer's requests for additional services pertaining to the Licensed Program (including, without limitation, data conversion and report-formatting assistance), provided that such assistance, if agreed to be provided, shall be subject to supplemental charges mutually agreed to by SunGard Public Sector and Customer.

h. SunGard Public Sector's software support is intended exclusively for SunGard Public Sector's Licensed Program(s); however, SunGard Public Sector can optionally provide first line support for selected operating systems where SunGard Public Sector has an agreement with the supplier. When the Customer contracts for this service, SunGard Public Sector will

make a good faith effort to find solutions to operating system problems. However, Customer must be aware of the following facts:

1. In some cases, Customer is in a much better position to deal with operating system issues because they are on-site and because of technical expertise they may have. In these cases, SunGard Public Sector recommends that they work directly with the appropriate operating system vendor on these matters. SunGard Public Sector will still be available to provide assistance whenever needed.

2. SunGard Public Sector is required to work with the company that supplied the operating system. If that company fails to provide quality support, SunGard Public Sector will not be able to provide quality support to our customers.

3. Some operating system problems can only be solved on-site. If and when this situation occurs, SunGard Public Sector personnel will travel to Customer's site with Customer's approval. Customer will be billed according to the SunGard Public Sector's professional services fee schedule plus the Customer will be billed for travel expenses and comprehensive per diem.

4. In the event that a bug is identified in the operating system, SunGard Public Sector will immediately report the problem directly to the provider. However, SunGard Public Sector and the Customer will be required to accept their schedule for fixing the problem.

5. If enhancement requests are made to SunGard Public Sector for changes to the operating system, SunGard Public Sector will pass them along to the provider. SunGard Public Sector can make no commitments as to when, or if, the enhancements will be included in future releases.

6. SunGard Public Sector will provide assistance with operating system upgrades via phone but Customer is responsible for obtaining the upgrade from the vendor and paying any required fee.

7. Most operating system upgrades require on-site assistance. The fee for on-site assistance is not included with SunGard Public Sector software support.

8. SunGard Public Sector must approve all operating system upgrades in advance to verify that the upgrade is necessary and compatible with the SunGard Public Sector Licensed Program(s).

3.2 The following items are specifically <u>not</u> covered by this Agreement:

a. Any hardware failure including, but not limited to, failure caused by wiring, multiplexers, modems, phone lines, power, or connectors. Also, any hardware limitations due to insufficient memory, disk storage or processing power.

b. Any problems caused by hardware failure.

c. Any work required to restore or recover the operating system and/or data files.

d. Any problem caused by an operator.

e. Configuring, maintaining, and upgrading the operating system including, but not limited to, backups and restores, fixes, and patches.

f. Any problems caused by incorrectly installed, configured, or maintained operating system, or versions of the operating system not supported by SunGard Public Sector.

g. Problems with, or caused by <u>any</u> software not supported by SunGard Public Sector, including, but not limited to, SNA, word processors, terminal emulators, etc.

h. System software installations made by the Customer without authorization of SunGard Public Sector such as installing a new Windows SQL version.

Section 4

OBLIGATION OF CUSTOMER

4.1 Customer shall provide, without charge to SunGard Public Sector, access to its facilities in connection with the performance of SunGard Public Sector of its obligations hereunder. It is agreed that prior notification will be given when access is required.

4.2 Customer must provide SunGard Public Sector with information sufficient for SunGard Public Sector to duplicate the circumstances under which a Problem in a Licensed Program became apparent.

4.3 Customer must maintain a current license of pcAnywhere, the SunGard Public Sector OSSI services workstation, and a 128K internet connection (Cable, DSL or similar) for support of the Licensed Programs. These items will connect to the active OSSI application data set(s) using a Licensed Program maintained by SunGard Public Sector hereunder. If desired, the Customer may install a dedicated 56K modem and phone line as a backup support option via dial-up. The customer shall provide access to a voice grade local telephone line for communication with the SunGard Public Sector support staff. SunGard Public Sector strongly recommends PC Anywhere and modem connection as a backup solution in the event Customer loses the broadband connection. In the event Customer elects not to maintain such, Customer acknowledges that SunGard Public Sector will not be able to provide support and will be relieved from all obligations hereunder for providing support.

4.4 A representative of Customer must be present when any on-site support is provided. Customer agrees that if such representative is not present when the SunGard Public Sector representative arrives on site, no work will be performed and Customer will be charged for such SunGard Public Sector representative.

4.5 All communications by Customer to SunGard Public Sector must be in the English language.

4.6 Customer is responsible for providing one or more qualified System Administrators as described in Section 5. At least one of these System Administrators must be available at all times.

4.7 Customer is responsible to support and maintain all system software. Customer shall NOT upgrade the operating system or third party software identified as integral to the operation of SunGard Public Sector's Licensed Programs without approval from SunGard Public Sector.

Section 5

SYSTEM ADMINISTRATOR REQUIREMENTS

5.1 Each System Administrator must be certified by SunGard Public Sector by completing the following:

a. Operating System training by either SunGard Public Sector or by a certified Microsoft training organization. This course work must include Administrating Windows 2000 Workstation, Administrating Windows 2000 Server, Windows SQL Administration (or the most current version supported by SunGard Public Sector at the time of installation) and other courses determined at the installation planning session based on the experience of the individuals.

b. SunGard Public Sector's application administration and code file course for each Licensed Program.

c. SunGard Public Sector's application training courses for each Licensed Program.

5.2 Each System Administrator must meet with a SunGard Public Sector Project Manager to review and sign on each of SunGard Public Sector's "Licensed Program(s) and/or Services Delivered" list.

5.3 Each System Administrator must be identified by Customer to SunGard Public Sector.

5.4 Each System Administrator must be qualified to address, without the aid of SunGard Public Sector, all problems relating to any hardware, software or operating system not directly associated with the Licensed Program(s).

5.5 Calls received by anyone who has not identified as a System Administrator are not covered by this Agreement and are therefore subject to hourly fees, and are not subject to minimum Response Time.

5.6 Each System Administrator must attend all of SunGard Public Sector's Licensed Program training.

Section 6

FEES AND CHARGES

6.1 Customer shall pay SunGard Public Sector Support fees and charges as outlined in Exhibit B. Additional Licensed Programs may be added to this Agreement by the Schedules. SunGard Public Sector reserves the right to change its Support fees, provided that no such change will be effective until at least 30 days after SunGard Public Sector has given Customer written notice of such change by means of an invoice. In addition to the foregoing changes in Support Fees, fee changes will also result from changes in (1) Software prices, (2) Increases in the number of modules of a Licensed Program, (3) Increases in the number of users on the system, (4) Changes in the computer hardware or (5) Selection by Customer of different Coverage Hours.

6.2 SunGard Public Sector shall invoice Customer at the beginning of each contract year for all Support fees. All reimbursable expenses incurred shall be invoiced at the beginning of the next calendar month. Customer shall pay the invoiced amounts immediately upon receipt of such invoices. Any amount not paid within thirty (30) days after the invoice date shall bear interest at the highest rate allowed by applicable law.

6.3 Customer shall be responsible for procuring, installing, and maintaining all equipment, telephone lines, modems, communications interfaces, and other hardware necessary to operate the Licensed Program and to obtain from SunGard Public Sector the Services called for by this Agreement.

6.4 Customer agrees to pay additional charges according to the SunGard Public Sector fee schedule for all work performed outside of Coverage Hours. These charges are applicable for any work performed after hours regardless of cause even if it was reported and/or initiated during Coverage Hours. Customer will be required to authorize any work outside of coverage hours that results in additional charges.

6.5 On-site assistance will be performed as requested by Customer. However, Customer will be billed according to the SunGard Public Sector fee schedule for travel expenses and comprehensive per diem.

6.6 Customer is responsible for paying all taxes (except for taxes based on SunGard Public Sector's net income or capital stock) relating to this Agreement, the Improvements, any services provided or payments made under this Agreement. If Customer is exempt from the payment of any such taxes, Customer must provide SunGard Public Sector with a valid tax exemption certificate; otherwise, absent proof of Customer's direct payment of such tax amounts to the applicable taxing authority, SunGard Public Sector will invoice Customer for and Customer will pay to SunGard Public Sector all such tax amounts.

Section 7

PROPRIETARY RIGHTS

7.1 To the extent that SunGard Public Sector may provide Customer with any Error Corrections or Enhancements or any other software, including any new software programs or components, or any compilations or derivative works prepared by SunGard Public Sector (collectively, "Vendor

Programs"), Customer may (1) install one set of the Vendor Programs in the most current form provided by SunGard Public Sector , in Customer's own facility; (2) use such Vendor Programs in connection with the Licensed Programs, and in a manner consistent with the requirements of the License Agreement, for purposes of serving Customer's internal business needs; and (3) make one copy of the Vendor Programs in machine-readable form for nonproductive backup purposes only. Customer may not use, copy, or modify the Vendor Programs, or any copy, adaptation, transcription, or merged portion thereof, except as expressly authorized by SunGard Public Sector . Upon termination of such License Agreement, Customer shall return or destroy the Vendor Programs, and returning the Vendor Programs in the manner required by the License Agreement shall be sufficient for such purposes.

7.2 The Vendor Programs are and shall remain the sole property of SunGard Public Sector, regardless of whether Customer, its employees, or contractors may have contributed to the conception of such work, joined in the effort of its development, or paid SunGard Public Sector for the use of the work product. Customer shall from time to time take any further action and execute any further instrument, including documents of assignment or acknowledgment that SunGard Public Sector may reasonably request in order to establish and protect its exclusive ownership rights in such works. Customer shall not assert any right, title, or interest in such works, except for the non-exclusive right of use granted to Customer at the time of its delivery or on-site development.

Section 8

DISCLAIMER OF WARRANTY AND LIMITATION OF LIABILITY

8.1 SUNGARD PUBLIC SECTOR DISCLAIMS ALL WARRANTIES EITHER EXPRESSED OR IMPLIED AND REPRESENTATIONS WITH RESPECT TO THE LICENSED PROGRAM, INCLUDING ITS CONDITION, ITS CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION, THE EXISTENCE OF ANY LATENT OR PATENT DEFECTS, AND ITS MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE.

8.2 In no event shall SunGard Public Sector's cumulative liability for any claim arising in connection with this Agreement exceed the total fees and charges paid to SunGard Public Sector by Customer within the last twelve (12) months.

8.3 No action, whether based on contract, strict liability, or tort, including any action based on negligence, arising out of the performance of services under this Agreement, may be brought by either party more than one (1) year after such cause of action accrued.

Section 9

TERMINATION

9.1 This Agreement may be terminated as follows:

a. This Agreement shall immediately terminate upon the termination of the License Agreement;

b. This Agreement may be terminated by Customer upon the expiration of the then-current term of this Agreement, provided that at least ninety (90) days prior written notice is given to SunGard Public Sector. SunGard Public Sector may terminate this Agreement upon the expiration of the second term of this Agreement, provided that at least ninety (90) days prior written notice is given to Customer; or

c. This Agreement may be terminated by either party upon thirty (30) days prior written notice if the other party has materially breached the provisions of this Agreement and has not cured such breach within such notice period.

9.2 Following termination of this Agreement, SunGard Public Sector shall immediately invoice Customer for all accrued fees and charges and all reimbursable expenses, and Customer shall pay the invoiced amount immediately upon receipt of such invoice. Customer may continue to use any work supplied to Customer by SunGard Public Sector for the remaining term of the License Agreement. Any amount not paid within thirty (30) days after the invoice date shall bear interest at the rate allowed by applicable law.

Exhibit B

Fee Proposal

Per SunGard Public Sector Invoice Document No. 125341 which is dated August 31, 2016 and which is attached hereto and incorporated herein by this reference.

SUNGARD PUBLIC SECTOR

1000 Business Center Drive
Lake Mary, FL 32746
800-727-8088
www.sungardps.com

Invoice

Company	Document No	Date	Page
LG	125341	31/Aug/2016	1 of 6

Bill To: Lodi Police Department
215 W. Elm St.
LODI, CA 95240
United States
Attn: Paula O'Keefe 209-333-6722

Ship To: Lodi Police Department
215 W. Elm St.
LODI, CA 95240
United States
Attn: Paula O'Keefe 209-333-6722

Customer Grp/No.		Customer Name	Customer PO Number	Currency	Terms	Due Date
1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended
	Contract No. 080877			
1	OSSI Base Computer Aided Dispatch System Tier 3 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	13,953.44	13,953.44
2	OSSI Additional CAD Console License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	3.00	782.44	2,347.32
3	OSSI Alpha Numeric Paging Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
4	ONESolution CAD Map Display and Map Maintenance Software License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
5	ONESolution CAD Map Display & Map Maintenance Software Site License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	5.00	401.26	2,006.30
6	OSSI CAD Resource Monitor Display License with Maps Client Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	2.00	300.94	601.88
7	OSSI Rip and Run Printing/Faxing Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
8	OSSI CAD Roster Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
9	OSSI E911 Interface Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
10	OSSI Firehouse RMS Interface Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
11	OSSI Interface to Pagegate Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	200.62	200.62
12	OSSI Station Toning Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43
13	OSSI Zetron Model 3030 TDD Interface Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	902.82	902.82
14	OSSI Telestaff Interface Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,103.43	1,103.43

Page Total 28,839.82

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1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended
15	OSSI Base Mobile Server Software Client - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	4,012.49	4,012.49
16	ONESolution CAD Client AVL License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	7.00	401.26	2,808.82
17	OSSI Client AVL Mobile License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	35.00	26.75	936.25
18	OSSI AVL Server Host License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	7,021.86	7,021.86
19	OSSI MCT Client for Digital Dispatch Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	35.00	177.44	6,210.40
20	OSSI Mobile Client Maps Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	35.00	35.67	1,248.45
21	OSSI License of Incident/Offense Field Reporting Module Client Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	35.00	177.44	6,210.40
22	OSSI - MFR Client - Accident Reporting Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	85.00	89.17	7,579.45
23	OSSI Mobile Arrest Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	35.00	53.50	1,872.50
24	OSSI - MFR Client - MOBLAN Version Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	50.00	89.17	4,458.50
25	OSSI - MCT Interface to Firehouse Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,504.69	1,504.69
26	OSSI Review Module for Field Reporting - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	3,120.83	3,120.83
27	OSSI's Integrated Messaging Software Switch Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	4,012.49	4,012.49
28	OSSI - LAN Client License for Message Switch Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	30.00	60.18	1,805.40
29	OSSI Canine Module in MFR	2.00	53.50	107.00
			Page Total	52,909.53

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Customer Grp/No.		Customer Name	Customer PO Number	Currency	Terms	Due Date
1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended
	Maintenance Start: 01/Oct/2016, End: 30/Sep/2017			
30	OSSI Police to Citizen Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,229.17	2,229.17
31	OSSI Client Base Records Management System - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	14,480.65	14,480.65
32	OSSI Police to Police Internet Data Sharing Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	0.00	0.00
33	OSSI Basic Accident Module - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	980.84	980.84
34	OSSI Accident Wizard Base Server License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	891.66	891.66
35	OSSI Accident Wizard Workstation License Client Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	95.00	26.75	2,541.25
36	OSSI Animal Control Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,337.50	1,337.50
37	OSSI Bar Coding Server License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	445.84	445.84
38	OSSI Bike Registration Module - 10 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	267.49	267.49
39	OSSI Calls for Service Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	356.67	356.67
40	OSSI RMS Canine Tracking Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	980.84	980.84
41	OSSI Crime Analysis Module - Client License Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,229.17	2,229.17
42	OSSI Crime Stoppers Management Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	624.17	624.17
43	OSSI Document Scanning and Storage Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,783.33	1,783.33

Page Total 29,148.58

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Customer Grp/No.		Customer Name	Customer PO Number	Currency	Terms	Due Date
1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended
44	OSSI Felony Registration Module -10 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	267.49	267.49
45	OSSI Generic Permit Module - 10 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	535.00	535.00
46	OSSI Bar Coding Hand-Held Client License (Each) Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	2.00	284.22	568.44
47	OSSI - Link Analysis Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	3,120.83	3,120.83
48	OSSI RMS Map Display and Pin Mapping License - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,783.33	1,783.33
49	OSSI Notification Module - 50 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,532.33	2,532.33
50	OSSI Ordinance Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	267.49	267.49
51	OSSI Probation and Parole Module - 10 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	267.49	267.49
52	OSSI - Problem Oriented Policing Module - 10 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	624.17	624.17
53	OSSI Property and Evidence Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	980.84	980.84
54	OSSI Residential Security Watch - 10Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	267.49	267.49
55	OSSI Sex Offender Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,674.99	2,674.99
56	Gang Profile Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,337.50	1,337.50
57	OSSI Professional Standards (Internal Affairs) Module Client Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	3,120.83	3,120.83
58	OSSI Client Jail Management System Module - 5	1.00	2,674.99	2,674.99
			Page Total	21,023.21

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1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended
	Maintenance Start: 01/Oct/2016, End: 30/Sep/2017			
59	OSSI Site License Mugshot Display Software License - 75 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	4,681.25	4,681.25
60	OSSI Mugshot Capture Station Software Only Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	980.84	980.84
61	OSSI State Livescan Interface Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	1,515.83	1,515.83
	Contract No. 080877-3			
64	OSSI Concealed Weapons Registration Module Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	262.26	262.26
	Contract No. 090867			
63	OSSI RMS Custom Modification - Dataworks Interface Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	891.66	891.66
	Contract No. 130373			
65	OSSI CAD Resource Monitor Display License with Maps - POP Tier 2 Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,970.52	2,970.52
	Contract No. 2009-2119			
62	OSSI - Lodi Interface to San Joaquin County Maintenance Start: 01/Oct/2016, End: 30/Sep/2017	1.00	2,889.00	2,889.00
	Contract No.			
66	Tax (Type - CM)	1.00	0.00	0.00
67	Tax (Type - MA)	1.00	5,808.88	5,808.88
			Page Total	20,000.24

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1	5858LG	Lodi Police Department		USD	NET30	30/Sep/2016

No	SKU Code/Description/Comments	Units	Rate	Extended

Remittance: SunGard Public Sector
Bank of America
12709 Collection Center Drive
Chicago, IL 60693

Inquiries: Accounts.ReceivableLG@SunGardPS.com

Subtotal	146,112.50
Sales Tax	5,808.88
Invoice Total	151,921.38
Payment Received	0.00
Balance Due	151,921.38

EXHIBIT C

Insurance Requirements for Contractor The Contractor shall take out and maintain during the life of this Agreement, insurance coverage as listed below. These insurance policies shall protect Contractor and any subcontractor performing work covered by this Agreement from claims for damages for personal injury, including accidental death, as well as from claims for property damages, which may arise from Contractor's operations under this Agreement, whether such operations be by Contractor, or by any subcontractor, or by anyone directly or indirectly employed by either of them, and the amount of such insurance shall be as follows:

1. COMPREHENSIVE GENERAL LIABILITY
   $2,000,000 Each Occurrence
   $4,000,000 General Aggregate

2. ERRORS AND OMISSIONS/TECHNOLOGY

   $2,000,000 Per Claim

   $5,000,000 Annual Aggregate

Covering all acts, errors, omissions, negligence, network security and privacy risks, including but not limited to unauthorized access, failure of security, breach of privacy perils, wrongful disclosure, collection, or other negligence in the handling of confidential information, privacy perils, and including coverage for related regulatory defense and penalties; data breach expenses, and payable whether incurred by City of Lodi or Contractor, including but not limited to consumer notification, whether or not required by law, computer forensic investigations, public relations and crisis management firm fees, credit file or identity monitoring or remediation services in the performance of services for, or on behalf of, City of Lodi.

Such insurance shall be maintained in force at all times during the term of the agreement and provide an Extended Reporting Period (ERP) for a period of one year thereafter, for services completed during the term of the agreement.

All deductibles or self-insured retentions (SIR) shall not reduce the limits of liability set forth hereinabove.

Furthermore, the requirements for coverage and limits shall be (i) the minimum coverage and limits specified in these insurance requirements Contractor agrees and stipulates that any insurance coverage provided to the City of Lodi shall provide for a claims period following termination of coverage which is at least consistent with the claims period or statutes of limitations found in California Tort Claims Act (California Government Code Section 810 et seq.).

A copy of the certificate(s) of insurance with the following endorsements shall be furnished to the City.

a. Additional Named Insured Endorsement

   Pursuant to a separate endorsement (ISO form CG 2010 (11/85) or a later version, that provides liability coverage at least as broad as this form) such insurance as is afforded by this policy shall also apply to the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers as additional named insureds.

   This coverage will be provided by a blanket additional insured endorsement.

b. Primary and Non-Contributory Insurance Endorsement

Additional insurance coverage under the Contractor's policy shall be "primary and non-contributory" and will not seek contribution from City's insurance or self-insurance and shall be at least as broad as ISO form CG 20 01 04 13.

Both endorsements will be blanket endorsements The insurance certificate must state, on its face or as an endorsement, a description of the project that it is insuring.

c. Waiver of Subrogation
Include a waiver of subrogation against the City of Lodi, its elected and appointed boards, commissions, officers, agents, employees, and volunteers. This will be a blanket waiver of subrogation in conjunction with this executed agreement.

d. Limits of Coverage
The limits of insurance coverage required may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance of Contractor shall contain, or be endorsed to contain, a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the City before the City's own insurance or self-insurance shall be called upon to protect the City as a named insured.

e. Severability of Interest Clause
The term "insured" is used severally and not collectively, but the inclusion herein of more than one insured shall not operate to increase the limit of the company's liability.

f. Continuity of Coverage
All policies shall be in effect on or before the first day of the Term of this Agreement. Within 10 days following the expiration of each insurance policy, Contractor shall furnish a certificate(s) showing that new or extended policy has been obtained which meets the minimum requirements of this Agreement. Contractor shall provide proof of continuing insurance on at least an annual basis during the Term. If Contractor's insurance lapses or is discontinued for any reason, Contractor shall immediately notify the City and immediately obtain replacement insurance.

g. Failure to Comply
If Contractor fails or refuses to obtain and maintain the required insurance, or fails to provide proof of coverage, the City may obtain the insurance. Contractor shall reimburse the City for premiums paid, with interest on the premium paid by the City at the maximum allowable legal rate then in effect in California. The City shall notify Contractor of such payment of premiums within thirty (30) days of payment stating the amount paid, the name(s) of the insurer(s), and rate of interest. Contractor shall pay such reimbursement and interest on the first (1st) day of the months following the City's notice. Notwithstanding any other provision of this Agreement, if Contractor fails or refuses to obtain or maintain insurance as required by this agreement, or fails to provide proof of insurance, the City may terminate this Agreement upon such breach. Upon such termination, Contractor shall immediately cease use of the Site or facilities and commence and diligently pursue the removal of any and all of its personal property from the site or facilities.

h. Qualified Insurer(s)
All insurance required by the terms of this Agreement must be provided by insurers licensed to do business in the State of California which are rated at least "A-, VI" by the AM Best Ratings Guide, and which are acceptable to the City. Non-admitted surplus lines carriers may be accepted provided they are included on the most recent list of California eligible surplus lines insurers (LESLI list) and otherwise meet City requirements.

NOTE: The City reserves the right to obtain a full certified copy of any insurance endorsements required. Failure to exercise this right shall not constitute a waiver of the City's right to exercise after the effective date.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE THE
SERVICE MAINTENANCE AGREEMENT WITH SUNGARD
PUBLIC SECTOR, INC., AND FURTHER AUTHORIZING THE
CITY MANAGER TO EXECUTE FUTURE BUDGETED ANNUAL
MAINTENANCE AGREEMENTS WITH SUNGARD PUBLIC
SECTOR, INC., ON BEHALF OF THE CITY OF LODI

==========

WHEREAS, in 2009 the Lodi Police Department purchased a new computer system from Sungard Public Sector, Inc.; and

WHEREAS, the Sungard OSSI system provides records management, computer aided dispatching, field reporting, mobile computing and other functions which allow the department to function more efficiently; and

WHEREAS, the annual service maintenance agreement between the Lodi Police Department and Sungard Public Sector provides for software and hardware support in the event of system malfunctions, and minimizes any disruption in the department's ability to provide service to the public.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute the Annual Service Maintenance Agreement for computer aided dispatch system with Sungard Public Sector, Inc., of Lake Mary, Florida, and authorize payment in the amount of $151,921.38 from the 2016/17 Lodi Police Department Operating Budget; and

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute future budgeted Annual Maintenance Agreements with Sungard Public Sector, Inc., on behalf of the City of Lodi.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016 by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **C-12**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for Environmental Consulting Services for PCE/TCE Groundwater Contamination Plumes ($25,000) and Appropriating Funds ($25,000)

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for environmental consulting services for PCE/TCE groundwater contamination plumes, in the amount of $25,000, and appropriating funds in the amount of $25,000.

BACKGROUND INFORMATION: Five groundwater contaminant plumes have been identified within the City of Lodi. One of these plumes, considered the Central Plume Source Area (CPSA), continues to be mitigated using various forms of groundwater and soil vapor extraction systems. These systems have removed over 17,500 pounds of PCE from the CPSA since 2003.

The City, along with Langan Treadwell Rollo, has been working closely with the Central Valley Regional Water Quality Control Board (CVRWQCB), following a work plan and protocol for completing clean up activity for the CPSA. The remaining plumes (Northern, Southern, and South Central/Western Plumes) are currently part of an ongoing monitoring and sampling program also administered by the CVRWQCB.

Task Order No. 29 will allow Langan Treadwell Rollo to continue providing an array of environmental consulting services on the City's groundwater contamination plumes, that are currently in monitoring and cleanup phases, and to address any issues that may arise that are not currently covered by separate active task orders.

Staff recommends approval of Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, and appropriation of funds in the amount of $25,000 from the PCE/TCE Rates fund, for various services related to the coordination of ongoing efforts associated monitoring activities within the groundwater contamination plumes.

FISCAL IMPACT: Costs will be covered by legal settlements held in trust for this purpose, and not by water utility customers.

APPROVED: _____
Stephen Schwabauer, City Manager

FUNDING AVAILABLE: Requested Appropriation:

PCE/TCE Rates (56599000) - $25,000

_____
Jordan Ayers
Deputy City Manager/Internal Services Director

_____
Charles E. Swimley, Jr.
Public Works Director

Prepared by Andrew Richle, Water Plant Superintendent – Public Works
CES/AR/trb
Attachments

19 September 2016

Mr. Charles Swimley
Director-City of Lodi Public Works Department
P.O. Box 3006
Lodi, CA 95241-1910

Subject: Request for Approval of City-Wide Plume Management Task
Task Order 29
City of Lodi, California
Langan Project: 730392341

Dear Mr. Swimley,

We are requesting the approval of a Task Order to continue providing environmental consulting services to the City of Lodi (City) on the several groundwater contamination plumes that are currently in monitoring and cleanup phases, and to address issues that continue to arise and are not currently covered by active Task Orders. We are being asked by the City staff to provide input to the City and to the various environmental contractors on their work, and this Task Order will provide a mechanism for us to continue this support.

Our labor hours would be detailed on monthly invoices, and if greater than four (4) hours were to be required for any task, prior authorization from the City would be requested. We request that a Task Order for $25,000 for on-going and future support be authorized.

We appreciate the opportunity to continue to assist the City of Lodi. Please contact Mr. Oberoi at (415) 424-3009 or Ms. Shipman at 415-955-5262 if you need any further information.

Sincerely,
Langan Treadwell Rollo

Varinder S. Oberoi, PE
Senior Project Manager

Dorinda Shipman
Vice President

Stephen Schwabauer
City Manager

Janice D. Magdich
City Attorney

Jennifer Ferraiolo
City Clerk

Date

730392301.03 VO_Task Order 29

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	Rebecca Areida-Yadav	5. DATE:	9/28/2016
4. DEPARTMENT/DIVISION:	Public Works		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	BUS. UNIT #	ACCOUNT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	565		32205	Fund Balance	$ 25,000.00
B. USE OF FINANCING	565	56599000	77020	Capital Projects	$ 25,000.00

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

Task Order #29 with Langan Treadwell Rollo for PCE/TCE environmental consulting services.

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: _____ Res No: _____ Attach copy of resolution to this form.

Department Head Signature: [signature] 10-3-16

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE TASK
ORDER NO. 29 WITH LANGAN TREADWELL ROLLO FOR
ENVIRONMENTAL CONSULTING SERVICES FOR PCE/TCE
GROUNDWATER CONTAMINATION PLUMES AND FURTHER
APPROPRIATING FUNDS

==========

WHEREAS, the City and Langan Treadwell Rollo have been working closely with the Central Valley Regional Water Quality Control Board following a work plan and protocol for attaining system closure for the Central Plume Source Area; and

WHEREAS, Task Order No. 29 will allow Langan Treadwell Rollo to continue to provide an array of environmental consulting services on the groundwater contamination plumes, currently in monitoring and cleanup phases, and to address any issues that may arise that are not currently covered by active task orders; and

WHEREAS, staff recommends that the City Council authorize the City Manager to execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, for environmental consulting services for PCE/TCE groundwater contamination plumes, in the amount of $25,000; and

WHEREAS, staff further recommends appropriating funds in the amount of $25,000 from the PCE/TCE Rates (56599000) for this work.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the City Manager to execute Task Order No. 29 with Langan Treadwell Rollo, of San Francisco, California, for environmental consulting services for PCE/TCE groundwater contamination plumes, in the amount of $25,000; and

BE IT FURTHER RESOLVED that funds in the amount of $25,000 be appropriated from the PCE/TCE Rates Fund.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM C-13

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing the Lodi Police Department to Participate in the Selective Traffic Enforcement Program Grant Funded by the Office of Traffic Safety, and Further Authorizing the City Manager to Execute the Grant Documents on Behalf of the City of Lodi ($130,000)

MEETING DATE: October 19, 2016

PREPARED BY: Chief of Police

RECOMMENDED ACTION: Adopt resolution authorizing the Lodi Police Department to participate in the Selective Traffic Enforcement Program Grant funded by the Office of Traffic Safety, and further authorizing the City Manager to execute the grant documents on behalf of the City of Lodi ($130,000).

BACKGROUND INFORMATION: Lodi has a significant problem with alcohol and speed-related fatal and injury collisions, including those involving pedestrians, bicyclists, hit-and-run drivers, and motorcyclists.

The OTS develops rankings based on the Statewide Integrated Traffic Records System data for collisions reported by agencies other than the California Highway Patrol. In the most recent rankings from 2011, Lodi ranks 37th out of 103 California municipalities in the 50,000 to 100,000 population category for most collisions.

To address DUI, the Lodi Police Department deploys existing officers on weekend and holiday evenings for DUI saturation enforcement and will conduct five DUI checkpoints during the grant period. The grant includes motorcycle saturation enforcement, bicycle/pedestrian enforcement, and general traffic safety enforcement. To address hit-and-run collisions, the Lodi Police Department will conduct driver's license checkpoints at all DUI checkpoints.

By adopting this resolution, the Lodi Police Department will receive $130,000 in grant funding from the Office of Traffic Safety (OTS) to implement a comprehensive traffic safety enforcement program to reduce fatal and injury collisions where the primary collision factor is driving under the influence (DUI) or speed. The project will strive to reduce motorcycle involved fatal and injury collisions, and bicycle/pedestrian involved collisions.

With Council approval, the City of Lodi and State of California OTS will enter into an agreement that provides $130,000 to the City to fund enhanced enforcement, grant-required training, and the purchase of related materials and equipment. Staff further requests authorization for the City Manager to execute the grant documents on behalf of the City of Lodi.

APPROVED: _____

Stephen Schwabauer, City Manager

FISCAL IMPACT: This grant will allow the City to conduct education and enforcement without using General Fund dollars.

FUNDING AVAILABLE: 2016/17 DUI Selective Traffic Enforcement Program Grant (21499000)

Jordan Ayers
Deputy City Manager/Internal Services Director

Tod Patterson
Chief of Police

Prepared by: Paula O'Keefe, Management Analyst

State of California – Office of Traffic Safety

GRANT AGREEMENT - Page 1

OTS-38 (Rev. 4/16)

GRANT NUMBER
PT1762

1. GRANT TITLE
SELECTIVE TRAFFIC ENFORCEMENT PROGRAM (STEP)

2. NAME OF AGENCY
CITY OF LODI

3. AGENCY UNIT TO ADMINISTER GRANT
POLICE DEPARTMENT

4. GRANT PERIOD
From: 10/1/16
To: 9/30/17

5. GRANT DESCRIPTION
Best practice strategies will be conducted to reduce the number of persons killed and injured in traffic collisions involving impairment and other primary collision factors. The funded strategies may include enforcement operations focusing on impaired driving, distracted driving, nighttime seat belt use, motorcycle safety, and pedestrian and bicycle safety. Operations are conducted in areas with disproportionate numbers of traffic collisions. Other funded strategies may include public awareness, educational programs and training for law enforcement.

6. FEDERAL FUNDS ALLOCATED UNDER THIS AGREEMENT SHALL NOT EXCEED: **$ 130,000.00**

7. TERMS AND CONDITIONS: The parties agree to comply with the terms and conditions of the following which are by this reference made a part of the Agreement:

- Schedule A (OTS-38b) – Problem Statement, Goals and Objectives and Method of Procedure
- Schedule B (OTS-38d) – Detailed Budget Estimate and Sub-Budget Estimate (if applicable)
- Schedule B-1 (OTS-38f) – Budget Narrative and Sub-Budget Narrative (if applicable)
- Exhibit A –Certifications and Assurances
- Exhibit B* - OTS Grant Program Manual

*Items shown with an asterisk (*), are hereby incorporated by reference and made a part of this agreement as if attached hereto. These documents can be viewed at the OTS home web page under Grants: www.ots.ca.gov.

We, the officials named below, hereby swear under penalty of perjury under the laws of the State of California that we are duly authorized to legally bind the Grant recipient to the above described Grant terms and conditions.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

8. APPROVAL SIGNATURES

A. GRANT DIRECTOR
NAME: **Shad Canestrino** PHONE: **209-333-5517**
TITLE: **Lieutenant** FAX: **209-333-6792**
ADDRESS: **215 W. Elm Street**
Lodi, CA 95240
E-MAIL: **scanestrino@pd.lodi.gov**
(Signature) *(Date)*

B. AUTHORIZING OFFICIAL OF AGENCY
NAME: **Steve Schwabauer** PHONE: **209-333-2402**
TITLE: **City Manager** FAX: **209-333-6807**
ADDRESS: **221 W. Pine Street**
Lodi, CA 95240
E-MAIL: **sschwabauer@lodi.gov**
(Signature) *(Date)*

C. FISCAL OR ACCOUNTING OFFICIAL
NAME: **Ruby Paiste** PHONE: **209-333-2591**
TITLE: **Financial Services Director** FAX: **209-333-6795**
ADDRESS: **310 W. Elm Street**
Lodi, CA 95240
E-MAIL: **rpaiste@lodi.gov**
(Signature) *(Date)*

D. OFFICE AUTHORIZED TO RECEIVE PAYMENTS
NAME: **Finance Department**
ADDRESS: **310 W. Elm Street**
Lodi, CA 95240

9. DUNS NUMBER
DUNS #: **020004552**
REGISTERED ADDRESS & ZIP: **221 W. Pine Street**
Lodi, CA 95240-2019

Approved as to form
Deputy City Attorney

EFFECTIVE DATE OF AGREEMENT:	10/1/2016	GRANTEE	CITY OF LODI	GRANT NO.	PT1762
10. Fin Action No. 1	Date: 9/8/2016	12. TYPE OF AGREEMENT	Initial X	Revision	Cont.
		PAID MEDIA	PROGRAM INCOME	TASK NO.	F.F.Y.
Revision No.	Date:			2	2017

11. Action Taken

Initial approval of 2017 HSP funds obligated.

13. FUNDING DISPOSITION & STATUS

Fiscal Year	Amount
2016-17	130,000.00
2015-16	
2014-15	
2013-14	
Total	130,000.00

Obligated This Action	130,000.00
Previously Obligated	0.00
Total Amount Obligated	130,000.00
TOTAL FUNDS PROGRAMMED	130,000.00

14. FUNDING DETAIL - FISCAL YEAR GRANT PERIOD ENDING: 9/30/2017

FUND	CFDA	ITEM/APPROPRIATION	F.Y.	CHAPTER	STATUTE	PROJECTED EXPENDITURES
164AL	20.608	0521-0890-101 (10/15)	2015	10/15	2015	$ 50,000.00
402PT	20.600	0521-0890-101 (10/15)	2015	10/15	2015	$ 15,000.00
164AL	20.608	0521-0890-101 (23/16)	2016	23/16	2016	$ 50,000.00
402PT	20.600	0521-0890-002 (23/16)	2016	23/16	2016	$ 15,000.00
-	-	-	-	-	-	$ -
-	-	-	-	-	-	$ -
-	-	-	-	-	-	$ -
-	-	-	-	-	-	$ -
					TOTAL FEDERAL FUNDS:	**$ 130,000.00**

15. GRANT APPROVAL & AUTHORIZATION TO EXPEND OBLIGATED FUNDS

A. APPROVAL RECOMMENDED BY

NAME: JULIE SCHILLING
TITLE: Program Coordinator
PHONE: (916) 509-3018
E-MAIL: julie.schilling@ots.ca.gov
Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Signature _____

B. AGREEMENT & FUNDING AUTHORIZED BY

NAME: RHONDA L. CRAFT
TITLE: Director

Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Signature _____

1. PROBLEM STATEMENT

For 2013 the City of Lodi had 229 fatal and injury traffic collisions: 10 fatalities and 301 injured. For 2014 the City of Lodi had 250 fatal and injury traffic collisions: 2 fatalities and 341 injured. In 2014 the City of Lodi saw an 80% decrease in fatal collisions, compared to 2013. For 2015 the number of Injury and Fatal collisions increased to 276 with a total of 343 total victims. These numbers have increased for 3 years in a row.

In the City of Lodi in 2013 there were 8 vehicle occupants, 6 of whom were not using safety equipment, 1 pedestrian and 1 motorcycle rider killed in fatal traffic collisions. In 2014, 1 of the fatalities involved a driver not using safety equipment. In 2015 there were 3 total victims in 3 collision, all of them were wearing safety equipment.

The City of Lodi saw no change in the number of motorcycle related traffic fatalities in 2013 and 2014 as there was 1 each year. In 2015 the City of Lodi had 3 fatal collisions with 3 total victims; 2 of these collisions involved motorcycles and 1 involved a 3-wheeled cycle.

In the City of Lodi there were 0 alcohol-impaired driving fatalities in 2011 and 2012, but in 2013 7 of the 10 traffic fatalities were alcohol-impaired. In 2015 none of the 3 traffic fatalities were related to drugs or alcohol. In 2014 one traffic fatality was drug related. In the City of Lodi the number of DUI arrests was almost the same for 2011 and 2012; 281 for 2011 and 290 for 2012. In 2013 the number of DUI arrests was 262. According to OTS rankings for cities our size, in 2013 Lodi ranks 99 out of 103 cities our size in DUI arrests.

In 2013 in the City of Lodi, DUI was the PCF for 7 fatalities, failure to yield was the PCF for 1 fatal collision, and unsafe starting was the PCF for 1 fatal collision. In 2014, the City of Lodi had one traffic fatality where DUI was the primary collision factor. In 2015, DUI was the 3rd most common PCF, and was responsible for 24 injury collisions.

In 2013, alcohol involved fatal collisions in the State decreased by 0.8 percent. The City of Lodi has increase over the last several years of injury collisions and victims. DUI is the 3rd most common PCF in the City of Lodi and there is evidence to believe, based on state studies, that distracted driving is leading to increased collisions as well. According to OTS commissioned observational surveys of cell phone use by drivers within the State, non hands-free texting and talking on cell phones continues to be a problem. In 2012 the overall rate was 10.8 percent of drivers on the road using cell phones at any given daylight time, up from 7.3 percent in 2011. Although observed cell phone use increases were seen across all age groups, 16 to 25 year olds showed a dramatic rise, doubling from 9 percent to 18 percent.

The problem of drugged driving continues to rise. Based on data from the National Highway Traffic Safety Administration, 38 percent of all drivers who were killed in motor vehicle crashes in California in 2012 tested positive for legal and/or illegal drugs, a percentage that has been increasing every year since 2006. The City of Lodi has seen a similar, continued rise in the number of drugged driving cases, and officers are becoming better trained to detect drugged driving.

A. Traffic Data Summary:

Collision Type	2013				2014				2015			
	Collisions		Victims		Collisions		Victims		Collisions		Victims	
Fatal	5		10		2		2		3		3	
Injury	229		295		250		341		276		343	
	Fatal	Injury	Killed	Injured	Fatal	Injury	Killed	Injured	Fatal	Injury	Killed	Injured
Alcohol - Involved	2	59	7	37	0	53	0	22	0	24	0	32
Hit & Run	0	40	0	46	0	31	0	39	0	32	0	44
Nighttime (2100-0259 hours)	2	27	2	33	0	25	0	33	0	28	0	37

Top 3 Primary Collision Factors		Fatal	Injury	Killed	Injured
#1 -	22350 VC (speed)	1	52	1	60
#2 -	22107 VC (unsafe turning)	1	15	1	19
#3 -	23152a/e VC (DUI alcohol and/or drugs)	0	24	0	35

2. PERFORMANCE MEASURES

A. Goals:

1) Reduce the number of persons killed in traffic collisions.

2) Reduce the number of persons injured in traffic collisions.

3) Reduce the number of persons killed in alcohol-involved collisions.

4) Reduce the number of persons injured in alcohol-involved collisions.

5) Reduce the number of persons killed in drug-involved collisions.

6) Reduce the number of persons injured in drug-involved collisions.

7) Reduce the number of persons killed in alcohol/drug combo-involved collisions.

8) Reduce the number of persons injured in alcohol/drug combo-involved collisions.

9) Reduce the number of motorcyclists killed in traffic collisions.

10) Reduce the number of motorcyclists injured in traffic collisions.

11) Reduce hit & run fatal collisions.

12) Reduce hit & run injury collisions.

13) Reduce nighttime (2100 - 0259 hours) fatal collisions.

14) Reduce nighttime (2100 - 0259 hours) injury collisions.

15) Reduce the number of bicyclists killed in traffic collisions.

16) Reduce the number of bicyclists injured in traffic collisions.

17) Reduce the number of pedestrians killed in traffic collisions.

18) Reduce the number of pedestrians injured in traffic collisions.

B. Objectives:

1) Issue a press release announcing the kick-off of the grant by November 15. The kick-off press releases and media advisories, alerts, and materials must be emailed to the OTS Public Information Officer at pio@ots.ca.gov, and copied to your OTS Coordinator, for approval 14 days prior to the issuance date of the release.

2) Participate in the following campaigns:
   - National Walk to School Day – October 5, 2016
   - National Teen Driver Safety Week – October 16-22, 2016
   - NHTSA Winter Mobilization – December 16, 2016 to January 1, 2017
   - National Distracted Driving Awareness Month – April 2017
   - National Bicycle Safety Month – May 2017
   - National Motorcycle Safety Month – May 2017
   - National Click It or Ticket Mobilization – May 17-20, 2017
   - NHTSA Summer Mobilization – August 19, 2017 to September 6, 2017
   - National Child Passenger Safety Week – September 17-23, 2017
   - California's Pedestrian Safety Month – September 2017

3) Develop (by December 31) and/or maintain a "HOT Sheet" program to notify patrol and traffic officers to be on the lookout for identified repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. Updated HOT sheets should be distributed to patrol and traffic officers monthly.

4) Send **4** law enforcement personnel to the NHTSA Standardized Field Sobriety Testing (SFST) (minimum 16 hour) POST-certified training.

5) Send **4** law enforcement personnel to the NHTSA Advanced Roadside Impaired Driving Enforcement (ARIDE) 16 hour POST-certified training.

6) Send **1** law enforcement personnel to the Drug Recognition Expert (DRE) training.

7) Send **1** law enforcement personnel to the DRE Recertification training.

8) Send **1** law enforcement personnel to SFST Instructor training.

9) Conduct **5** DUI/DL Checkpoints. ***Note:*** *A minimum of 1 checkpoint should be conducted during the NHTSA Winter Mobilization and 1 during the NHTSA Summer Mobilization. To enhance the overall deterrent effect and promote high visibility, it is recommended the grantee issue an advance press release and conduct social media activity for each checkpoint operation. For combination DUI/DL checkpoints, departments should issue press releases that mention DL's will be checked at the DUI/DL checkpoint. Signs for DUI/DL checkpoint operations should read "DUI/Driver's License Checkpoint Ahead." OTS does not fund or support independent DL checkpoints. Only on an exception basis and with OTS pre-approval will OTS fund checkpoint operations that begin prior to 1800 hours.*

10) Conduct **40** DUI Saturation Patrol operation(s).

11) Conduct **25** Traffic enforcement operation(s), including but not limited to, primary collision factor violations.

12) Conduct **4** Distracted Driving enforcement operation(s) targeting drivers using hand held cell phones and texting.

13) Conduct **4** highly publicized Motorcycle Safety enforcement operation(s) in areas or during events with a high number of motorcycle incidents or collisions resulting from unsafe speed, DUI, following too closely, unsafe lane changes, improper turning, and other primary collision factor violations by motorcyclists and other drivers. ***Note****: It is recommended the grantee issue an advance press release and conduct social media activity prior to each operation to publicize and raise awareness about motorcycle safety issues.*

14) Conduct **2** Night-time (1800 - 0559 hours) Click It or Ticket enforcement operation(s).

15) Conduct **4** highly publicized Pedestrian and Bicycle enforcement operation(s) in areas of or during events with a high number of pedestrian and/or bicycle collisions resulting from violations made by pedestrians, bicyclists, and drivers. ***Note****: It is recommended the grantee issue an advance press release and conduct social media activity prior to each operation to publicize and raise awareness about pedestrian and bicycle safety issues.*

16) Conduct **4** Traffic Safety educational presentations with an effort to reach 1000 community members. ***Note**: Presentations may include topics such as distracted driving, DUI, speed, pedestrian and bicycle safety, seatbelts and child passenger safety.*

***NOTE**: Nothing in this "agreement" shall be interpreted as a requirement, formal or informal, that a particular law enforcement officer issue a specified or predetermined number of citations in pursuance of the goals and objectives hereunder.*

3. METHOD OF PROCEDURE

A. Phase 1 - Program Preparation, Training and Implementation (1st Quarter of Grant Year)

- The department should develop operational plans to implement the "best practice" strategies outlined in the objectives section.
- All training should be conducted this quarter.
- All grant-related purchases should be made this quarter.
- In order to develop/maintain the "HOT Sheets," research will be conducted to identify the "worst-of-the-worst" repeat DUI offenders with a suspended or revoked license as a result of DUI convictions. The HOT Sheets may include the driver's name, last known address, DOB, description, current license status, and the number of times suspended or revoked for DUI. HOT Sheets should be updated and distributed to traffic and patrol officers at least monthly.
- Implementation of the STEP grant activities will be accomplished by deploying personnel at high collision locations.

B. Phase 2 - Program Operations (Throughout Grant Year)

- The department will work to create media opportunities throughout the grant period to call attention to the innovative program strategies and outcomes.

Media Requirements

- Submit all grant-related activity press releases, media advisories, alerts and general public materials to the OTS Public Information Officer (PIO) at pio@ots.ca.gov, with a copy to your OTS Coordinator.

  a) If an OTS template-based press release is used, the OTS PIO and Coordinator should be copied when the release is distributed to the press. If an OTS template is not used, or is substantially changed, a draft press release shall be sent to the OTS PIO for approval. Optimum lead time would be 10-20 days prior to the release date to ensure adequate turn-around time.

b) Press releases reporting the results of grant activities such as enforcement operations are exempt from the recommended advance approval process, but still should be copied to the OTS PIO and Coordinator when the release is distributed to the press.

c) Activities such as warrant service operations and court stings that could be compromised by advanced publicity are exempt from pre-publicity, but are encouraged to offer embargoed media coverage and to report the results.

- Use the following standard language in all press, media, and printed materials: Funding for this program was provided by a grant from the California Office of Traffic Safety, through the National Highway Traffic Safety Administration.

- Email the OTS PIO at pio@ots.ca.gov and copy your OTS Coordinator at least 30 days in advance, a short description of any significant grant-related traffic safety event or program so OTS has sufficient notice to arrange for attendance and/or participation in the event.

- Submit a draft or rough-cut of all printed or recorded material (brochures, posters, scripts, artwork, trailer graphics, etc.) to the OTS PIO at pio@ots.ca.gov and copy your OTS Coordinator for approval 14 days prior to the production or duplication.

- Include the OTS logo, space permitting, on grant-funded print materials; consult your OTS Coordinator for specifics.

C. Phase 3 – Data Collection & Reporting (Throughout Grant Year)

- Agencies are required to collect and report quarterly, appropriate data that supports the progress of goals and objectives.

- Statistical data relating to the grant goals and objectives will be collected, analyzed, and incorporated in Quarterly Performance Reports (QPRs). QPRs for the quarter ending September 30 will include year-to-date comparisons of goals and objectives. If required, a separate quarterly data reporting form will be completed each quarter and submitted as part of the QPR.

- Reports will compare actual grant accomplishments with the planned accomplishments. They will include information concerning changes made by the Grant Director in planning and guiding the grant efforts.

- Reports shall be completed and submitted in accordance with OTS requirements as specified in the Grant Program Manual.

4. METHOD OF EVALUATION

Using the data compiled during the grant, the Grant Director will complete the "Final Evaluation" section in the fourth/final Quarterly Performance Report (QPR). The Final Evaluation should provide a brief summary of the grant's accomplishments, challenges and significant activities. This narrative should also include whether goals and objectives were met, exceeded, or an explanation of why objectives were not completed.

5. ADMINISTRATIVE SUPPORT

This program has full support of the City of Lodi. Every effort will be made to continue the activities after the grant conclusion.

SCHEDULE B
DETAILED BUDGET ESTIMATE
GRANT NO. PT1762

FUND NUMBER	CATALOG NUMBER (CFDA)	FUND DESCRIPTION	TOTAL AMOUNT
164AL	20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	$ 100,000.00
402PT	20.600	State and Community Highway Safety	$ 30,000.00

COST CATEGORY	FISCAL YEAR ESTIMATES 10/1/16 thru 9/30/17				TOTAL COST TO GRANT
A. PERSONNEL COSTS	CFDA	FY-1			
Positions and Salaries					
Overtime					
DUI / Driver's License Checkpoints	20.608	$ 38,167.00			$ 38,167.00
DUI Saturation Patrols	20.608	$ 28,208.00			$ 28,208.00
Benefits @ 1.45%	20.608	$ 965.00			$ 965.00
Traffic Enforcement Operations	20.600	$ 17,630.00			$ 17,630.00
Distracted Driving Operations	20.600	$ 2,820.00			$ 2,820.00
Motorcycle Safety Operations	20.600	$ 2,820.00			$ 2,820.00
Nighttime CIOT Operations	20.600	$ 1,410.00			$ 1,410.00
Bike / Pedestrian Safety Operations	20.600	$ 2,820.00			$ 2,820.00
Benefits @ 1.45%	20.600	$ 400.00			$ 400.00
Category Sub-Total		$ 95,240.00			$ 95,240.00
B. TRAVEL EXPENSE					
In-State	20.600	$ 2,100.00			$ 2,100.00
Out-of-State		$ -			$ -
Category Sub-Total		$ 2,100.00			$ 2,100.00
C. CONTRACTUAL SERVICES					
None		$ -			$ -
Category Sub-Total		$ -			$ -
D. EQUIPMENT					
DUI Trailer	20.608	$ 31,000.00			$ 31,000.00
Category Sub-Total		$ 31,000.00			$ 31,000.00
E. OTHER DIRECT COSTS					
DUI Checkpoint Supplies	20.608	$ 1,660.00			$ 1,660.00
Category Sub-Total		$ 1,660.00			$ 1,660.00
F. INDIRECT COSTS					
None		$ -			$ -
Category Sub-Total		$ -			$ -
GRANT TOTAL		**$ 130,000.00**			**$ 130,000.00**

SCHEDULE B-1

GRANT NO. PT1762

BUDGET NARRATIVE

PERSONNEL COSTS

Overtime

Overtime for grant funded law enforcement operations may be conducted by personnel such as a Lieutenant, Sergeant, Corporal, Deputy, Officer, Reserve Officer, Community Services Officer, Dispatcher, etc., depending on the titles used by the agency and the grantees overtime policy. Personnel will be deployed as needed to accomplish the grant goals and objectives.

Costs are estimated based on an overtime hourly rate range of $53.33/hour to $87.81/hour.

Overtime reimbursement will reflect actual costs of the personnel conducting the appropriate operation up to the maximum range specified.

Overtime Benefit Rates

Medicare	1.45%
TOTAL BENEFIT RATE	**1.45%**

TRAVEL EXPENSE

In State

Costs are included for appropriate staff to attend conferences and training events supporting the grant goals and objectives and/or traffic safety. Local mileage for grant activities and meetings is included. Anticipated travel may include (enter other known conferences or required events). *All conferences, seminars or training not specifically identified in the Schedule B-1 (Budget Narrative) must be approved by OTS. All travel claimed must be at the agency approved rate. Per Diem may not be claimed for meals provided at conferences when registration fees are paid with OTS grant funds.*

CONTRACTUAL SERVICES

None

EQUIPMENT

1 DUI Trailer - fully equipped trailer to transport DUI checkpoint supplies and to serve as a communication and command post during OTS operations. Costs may include the trailer, sales tax, delivery, installation costs, and other modifications and accessories or other items necessary to make the trailer usable for grant purposes, such as a generator, lighting, paint and graphics. The trailer cannot include any furniture or fixtures not affixed to the trailer as noted in Chapter 2, Section 2.8 of the OTS Grant Program Manual.

BUDGET NARRATIVE

OTHER DIRECT COSTS

DUI Checkpoint Supplies - on-scene supplies needed to conduct sobriety checkpoints. Costs may include 28" traffic cones, MUTCD compliant traffic signs, MUTCD compliant high visibility vests (maximum of 10), traffic counters (maximum of 2), generator, gas for generators, lighting, reflective banners, electronic flares, PAS device supplies, heater, propane for heaters, fan, anti-fatigue mats, and canopies. *Additional items may be purchased if approved by OTS. The cost of food and beverages will not be reimbursed.*

INDIRECT COSTS

None

PROGRAM INCOME

There will be no program income generated from this grant.

EXHIBIT A

CERTIFICATIONS AND ASSURANCES

Failure to comply with applicable Federal statutes, regulations, and directives may subject Grantee Agency officials to civil or criminal penalties and/or place the State in a high risk grantee status in accordance with 49 CFR §18.12.

The officials named on the grant agreement, certify by way of signature on the grant agreement signature page, that the Grantee Agency complies with all applicable Federal statutes, regulations, and directives and State rules, guidelines, policies and laws in effect with respect to the periods for which it receives grant funding. Applicable provisions include, but are not limited to, the following:

- 23 U.S.C. Chapter 4—Highway Safety Act of 1966, as amended
- 49 CFR Part 18—Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments
- 23 CFR Part 1200—Uniform Procedures for State Highway Safety Grant Programs

NONDISCRIMINATION

The Grantee Agency will comply with all Federal statutes and implementing regulations relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352), which prohibits discrimination on the basis of race, color or national origin (and 49 CFR Part 21); (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683 and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), and the Americans with Disabilities Act of 1990 (Pub. L. 101-336), as amended (42 U.S.C. 12101, *et seq.*), which prohibits discrimination on the basis of disabilities (and 49 CFR Part 27); (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Civil Rights Restoration Act of 1987 (Pub. L. 100-259), which requires Federal-aid recipients and all sub-recipients to prevent discrimination and ensure nondiscrimination in all of their programs and activities; (f) the Drug Abuse Office and Treatment Act of 1972 (Pub. L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (g) the comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (Pub. L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (h) Sections 523 and 527 of the Public Health Service Act of 1912, as amended (42 U.S.C. 290dd-3 and 290ee-3), relating to confidentiality of alcohol and drug abuse patient records; (i) Title VIII of the Civil Rights Act of 1968, as amended (42 U.S.C. 3601, *et seq.*), relating to nondiscrimination in the sale, rental or financing of housing; (j) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and (k) the requirements of any other nondiscrimination statute(s) which may apply to the application.

EXHIBIT A

CERTIFICATIONS AND ASSURANCES

BUY AMERICA ACT

The Grantee Agency will comply with the provisions of the Buy America Act (49 U.S.C. 5323(j)), which contains the following requirements:

Only steel, iron and manufactured products produced in the United States may be purchased with Federal funds unless the Secretary of Transportation determines that such domestic purchases would be inconsistent with the public interest, that such materials are not reasonably available and of a satisfactory quality, or that inclusion of domestic materials will increase the cost of the overall project contract by more than 25 percent. Clear justification for the purchase of non-domestic items must be in the form of a waiver request submitted to and approved by the Secretary of Transportation.

POLITICAL ACTIVITY (HATCH ACT)

The Grantee Agency will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508) which limits the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

CERTIFICATION REGARDING FEDERAL LOBBYING

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all sub-award at all tiers (including subcontracts, sub-grants, and contracts under grant, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

   This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

RESTRICTION ON STATE LOBBYING

None of the funds under this program will be used for any activity specifically designed to urge or influence a State or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any State or local legislative body. Such activities include both direct and indirect (e.g., "grassroots") lobbying activities, with one exception. This does not preclude a State official whose salary is supported with NHTSA funds from engaging in direct communications with State or local legislative officials, in accordance with customary State practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

CERTIFICATION REGARDING DEBARMENT AND SUSPENSION
Instructions for Primary Certification

1. By signing and submitting this grant agreement, the Grantee Agency Official is providing the certification set out below.

2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. The prospective participant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the department or agency's determination whether to enter into this transaction. However, failure of the Grantee Agency Official to furnish a certification or an explanation shall disqualify such person from participation in this transaction.

3. The certification in this clause is a material representation of fact upon which reliance was placed when the department or agency determined to enter into this transaction. If it is later determined that the Grantee Agency Official knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

4. The Grant Agency Official shall provide immediate written notice to the department or agency to which this grant agreement is submitted if at any time the Grantee Agency Official learns its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

5. The terms *covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, grant agreement, and voluntarily excluded,* as used in this clause, have the meaning set out in the Definitions and coverage sections of 49 CFR Part 29. You may contact the department or agency to which this grant agreement is being submitted for assistance in obtaining a copy of those regulations.

6. The Grantee Agency Official agrees by submitting this grant agreement that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency entering into this transaction.

7. The Grantee Agency Official further agrees by submitting this grant agreement that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," provided by the department or agency entering into this covered transaction, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the list of Parties Excluded from Federal Procurement and Non-procurement Programs.

9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency may terminate this transaction for cause or default.

Certification Regarding Debarment, Suspension, and Other Responsibility Matters-Primary Covered Transactions

(1) The Grantee Agency Official certifies to the best of its knowledge and belief, that its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency;

(b) Have not within a three-year period preceding this grant agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of record, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or Local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and

(d) Have not within a three-year period preceding this application/grant agreement had one or more public transactions (Federal, State, or local) terminated for cause or default.

(2) Where the Grantee Agency Official is unable to certify to any of the Statements in this certification, such prospective participant shall attach an explanation to this grant agreement.

Instructions for Lower Tier Certification

1. By signing and submitting this grant agreement, the prospective lower tier participant is providing the certification set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective lower tier participant shall provide immediate written notice to the person to which this grant agreement is submitted if at any time the prospective lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

4. The terms *covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, grant agreement, and voluntarily excluded,* as used in this clause, have the meanings set out in the Definition and Coverage sections of 49 CFR Part 29. You may contact the person to whom this grant agreement is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this grant agreement that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective lower tier participant further agrees by submitting this grant agreement that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions. (See below)

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR Part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR Part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion—Lower Tier Covered Transactions:

1. The prospective lower tier participant certifies, by submission of this grant agreement, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this grant agreement.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE LODI POLICE DEPARTMENT TO PARTICIPATE IN THE SELECTIVE TRAFFIC ENFORCEMENT PROGRAM GRANT FUNDED BY THE OFFICE OF TRAFFIC SAFETY, AND FURTHER AUTHORIZING THE CITY MANAGER TO EXECUTE THE GRANT DOCUMENTS ON BEHALF OF THE CITY

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WHEREAS, Lodi has a significant problem with alcohol and speed-related fatal and injury collisions, including those involving pedestrians, bicyclists, hit-and-run drivers, and motorcyclists; and

WHEREAS, the Office of Traffic Safety (OTS) develops rankings based on the Statewide Integrated Traffic Records System data for collisions reported by agencies other than the California Highway Patrol. Lodi is ranked 37th out of 103 California municipalities in the 50,000 to 100,000 population category for most collisions; and

WHEREAS, by Council adoption of this Resolution, the Police Department will receive grant funding from the OTS to implement a comprehensive traffic safety enforcement program to reduce fatal and injury collisions where the primary collision factor is driving under the influence (DUI) or speed. The project will reduce motorcycle-involved fatal and injury collisions and bicycle/pedestrian-involved collisions; and

WHEREAS, the Police Department deploys existing officers on weekend and holiday evenings for DUI saturation enforcement and will conduct five DUI checkpoints during the grant period. The grant includes motorcycle saturation enforcement, bicycle/pedestrian enforcement, and general traffic safety enforcement. To address hit-and-run collisions, the Police Department will conduct driver's license checkpoints at all DUI checkpoints; and

WHEREAS, with Council approval, the City of Lodi and State of California OTS will enter into an agreement that provides $130,000 to the City to fund enhanced enforcement, grant-required training, and the purchase of related materials and equipment.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby authorize the Lodi Police Department to participate in a selective traffic enforcement program grant funded by the Office of Traffic Safety; and

BE IT FURTHER RESOLVED that the City Manager is hereby authorized to execute the grant documents on behalf of the City of Lodi.

Date: October 19, 2016

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I hereby certify that Resolution No. 2016-____ was passed and adopted by the Lodi City Council in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **C-14**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving the First Time Home Buyer Program Guidelines

MEETING DATE: October 19, 2016

PREPARED BY: Community Development Director

RECOMMENDED ACTION: Adopt Resolution approving the First Time Home Buyer Program guidelines.

BACKGROUND INFORMATION: The Community Development Department – Neighborhood Services Division is reestablishing the First Time Home Buyer (FTHB) Program with an allocation of $125,701 of 2016-17 Community Development Block Grant (CDBG) program funding.

The purpose of the FTHB Program is to provide qualified low-income families with the opportunity to purchase their first home by providing financial assistance to cover a portion of the down payment and closing costs.

The City had previously operated a FTHB Program with Home Investments Partnership (HOME) Program funding provided by the U.S. Department of Housing and Urban Development (HUD) through the State of California Department of Housing and Community Development (HCD). The City received two allocations of State HOME funds, first in 2009 and then again in 2013, each in the amount of $800,000, for such a program.

With our 2009 program funding, we were able to assist just three homebuyers within the three years that the funds were available. The real estate market at the time and the availability of housing that could qualify for the program were extremely limited. With our second allocation in 2013, we were not able to assist any homebuyers due to the HOME Program limits on the maximum purchase price for a home, which is based upon a percentage of the County median sale price. On average, home sales and asking prices in Lodi run higher than the County median sales price, so the market for first-time homebuyers going through our program has been severely limited.

Of those three loans from the 2009 allocation, one was paid off in 2013, and another was paid off just this year, leaving one remaining loan active. The proceeds from those loan payoffs, totaling approximately $53,100, remain in an interest-bearing account and can be used for future loans under the more restrictive State HOME Program Guidelines.

There is a significant need to provide this service to our low-income homebuyers within our community, so we have moved the funding source to the CDBG program. While the funding amount is considerably smaller than the HOME allocation from the State, the low purchase price limits do not apply to CDBG funded programs. With continual funding for this activity, we could develop a decent

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APPROVED: _____

Stephen Schwabauer, City Manager

loan portfolio that will eventually be recycled back into the program as the homes are sold or refinanced and the loans are paid off.

The attached First Time Home Buyer Program Guidelines (Exhibit A) are proposed for this program.

Program Guidelines – Key Points

Income Eligibility: Household incomes at or below 80 percent of Area Median Income (AMI). (Updated annually)

1 Person	*2 Persons*	*3 Persons*	*4 Persons*	*5 Persons*	*6 Persons*	*7 Persons*	*8 Persons*
$33,000	***$37,700***	***$42,400***	***$47,100***	***$50,900***	***$54,650***	***$58,450***	***$62,200***

Credit Worthiness: Applicant's with a median credit score lower than 610 will require additional consideration to determine credit worthiness.

Loan Type: Deferred (silent second) loan up to $25,000. *Includes reasonable closing costs and up to 50 percent of the lender's required down-payment amount.*

Interest Rate: 2 percent.

Term: Loan shall be "due and payable" 30 years from close of escrow, upon transfer of the property, or when the home is no longer owner-occupied, whichever comes first.

Buyer Contribution: Minimum 2 percent of the purchase price.

Affordability Period: Loans less than $15,000 – 5 years.
Loans $15,000 - $40,000 – 10 years.
Loans greater than $40,000 – 15 years.

Qualification Req.: Must not have owned a home in the past three years.
Must attend and obtain a certificate from an approved first-time homebuyer education/counseling session.

The Program Guidelines also details that the City Manager, or their designee, is authorized to execute all necessary loan documents, agreements and instruments for FTHB loans up to $25,000.

FISCAL IMPACT: CDBG are federal funds. Administrative costs for loan processing are an eligible project delivery cost and can be charged against the program.

FUNDING AVAILABLE: $125,701 – 2016-17 Community Development Block Grant allocation.

_____
Jordan Ayers, Deputy City Manager

_____
Stephen Schwabauer
Community Development Director

Attachments

Exhibit A

First Time Home Buyer Program Guidelines

City of Lodi

First-Time Homebuyer Loan Program Guidelines

For:

Community Development Block Grant (CDBG) Program

Serving the City of Lodi, a HUD Entitlement Community

CITY OF LODI
FIRST-TIME HOMEBUYER LOAN PROGRAM GUIDELINES

1.0. GENERAL

The City of Lodi, hereinafter referred to as the "Sponsor," has received Community Development Block Grant (CDBG) funds from the United States Department of Housing and Urban Development (HUD), as an entitlement jurisdiction, to administer a homebuyer program. The homebuyer program described herein (the "Program") is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as "housing units", located within the Program's eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment "silent" second priority loans as "gap" financing toward the purchase price, downpayment, and/or closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by City of Lodi's Neighborhood Services Manager and designee (the "Program Operator").

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be available to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars may be notified about the Program.

B. The Program Operator will work with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.

C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. The potential Applicant (homebuyer) should contact the City of Lodi, Neighborhood Services Division at 209-333-6800 extension 2467, to obtain program information, determine whether they meet basic program qualifications and to obtain the required application.
B. Applicant must complete homebuyer-counseling provided by a HUD-approved Homebuyer Education program, and receive a certificate of completion from the workshop provider. More details about what homebuyer counseling qualifies is described in Section 1.5 Homebuyer Education below.
C. Applicant may wish to pre-qualify for a first mortgage loan. Any reputable lender can participate in the program.
D. Applicant shops for a home and enters into a purchase contract for a home. A real estate agent can assist the Applicant in selecting a home and executing the purchase contract. The purchase offer must allow for the Program Operator's review of the home inspection report.
E. If not already pre-qualified, the Applicant works with the lender to qualify for a first mortgage.
F. The Applicant will work with the first mortgage lender for completion of the Program application package and the first mortgage lender will submit the application to the City.
    a. The application will include attachments, including Sellers Lead-Based Paint Disclosure and the EPA Booklet (Attachment A- Protect Your Family from Lead in Your Home_ and a confirmation that the homebuyer has reviewed/understands them.
    b. Completed applications are processed on a first-come-first-served basis. Applications are deemed complete only if all information is completed, the application is signed and dated. Incomplete applications are returned and will not be date/time stamped until complete.
G. Once completed, the Program Operator will review loan application package for eligibility and will notify the lender of any additional documents that are required. Once the applicant's eligibility is confirmed, they will be provided an eligibility-approval letter.
    a. If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.
H. Should the Applicant experience any material change in income, assets, household composition, or other eligibility determination occurring after application submittal, but prior to closing, they shall immediately report this to the first lender and Sponsor for review.
I. Upon receipt of appraisal and inspection reports (e.g. termite inspection, professional home inspection), Program Operator will review the reports and provide a written list of any repairs that will be required.
J. A report is submitted to the Program's Loan Committee for loan approval.
K. Once the loan is approved by the Loan Committee, the Sponsor will issue a conditional letter of funding commitment that is good for 30 days and will prepare the necessary loan documents and will meet with the Applicant to sign loan documents.
L. The City Manager, or their designee, will execute all necessary loan documents, agreements and instruments on behalf of the Sponsor.
M. Subsequently, funds will be provided to the escrow or title company for the home purchase.
N. Escrow agent shall record the Program's Deed of Trust and the Declaration of Conditions, Covenants, and Restrictions, and shall send original documents to the Sponsor within seven (7) working days from the date of the closure.
O. If there are any cancellations or disqualifications of the first mortgage loan the lender shall immediately notify the Sponsor in writing and shall include the reason for this action.

1.3. THE HOME PURCHASE PROCESS

A. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions, and obtain Sellers's confirmation of receipt of these provisions (Attachment C):

1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and
2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards.
4) All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment B);
5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
6) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, or vacant for three months prior to submission of the purchase offer.
7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.

B. Applicant will execute a standard form purchase and sale agreement. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval.

C. The Primary Lender completes and submits the Application to the Program Operator, who will verify applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.

D. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Loan Committee for approval or denial, including the reasons for the recommendation. The Loan Committee determines Applicant's approval or denial, and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures.

E. When Primary Lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.

F. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is also required.

1.4. HOMEBUYER COSTS

A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Sponsor. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.

B. Homebuyer must contribute a minimum down payment of **two percent (2%)** of the purchase price, but may contribute more if desired.

C. Sponsor will not provide a subsidy that is greater than the amount of the primary mortgage, and at a **maximum of $25,000**. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are **no more than 31%** of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the CDBG funding Program.

1.5. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Sponsor, Program Operator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a HUD-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, worksheets, etc. If Applicant is unsure whether their homebuyer counseling meets the above requirements, they can contact the Neighborhood Services Division to confirm that it is approved under this Program.

1.6. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance. Section 92.356 of the HOME Final Rule shall be followed for HOME assistance, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

1.7. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable CDBG program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median family income (MFI), adjusted for household size, as published by HUD.

Household: Means one or more persons who will occupy a housing unit. Unborn children do not count in family size determination.
Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HUD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance at http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html, will be followed to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

The link to Annual Income Inclusions and Exclusions is:
http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.)*

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

The Link to Asset Inclusions and Exclusions is:
http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

For CDBG, an eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers. CDBG-funded programs may assist eligible homebuyers who are not "first-time" homebuyers.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: "Within the City of Lodi."

B. Housing unit types eligible for the homebuyer Program are a new or previously owned

single-family residence (one-unit property); a condominium unit, or a manufactured home in common-interest developments or on a single-family lot and placed on a permanent foundation system.

C. All housing units must be in compliance with State and local codes and ordinances.

D. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City as loss payee in order to close escrow.

E. Housing must be "modest", having no more than three bedrooms, two bathrooms, and a two-car garage. Larger homes are acceptable if necessary for the following reasons:
   a. The family size necessitates additional bedroom(s); or
   b. A reasonable accommodation is necessary due to the family's disability (e.g. an extra bedroom for an aide).

   Exceptions must be approved by the Loan Committee and must be documented for monitoring purposes.

3.2. CONDITIONS

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

1) When the Sponsor's Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.C will apply.

2) The Program Operator, a certified housing inspector, or a Sponsor representative will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.

3) Upon completion of all work required by the Program Operator, Sponsor, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

B. <u>Lead-Based Paint Hazards:</u> All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk

Assessor/Inspector. HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

The following requirements must be met:

1) **Notification**: a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home"* (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment B).

2) **Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment B), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.

3) **Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.

4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

C. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file.

3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

A. **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970**

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

B. **Section104(d) of the Housing and Community Development Act of 1974**

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

3.4. PROPER NOTIFICATION AND DISCLOSURES

A. Upon selection of a housing unit, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.

B. All owners who wish to sell their housing units must receive an acquisition notice prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded programs).

4.0. PURCHASE PRICE LIMITS

There are no purchase price limits under this program.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

A. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall **not exceed 30%** and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, mortgage insurance, and HOA dues, if any.

The back-end (total) debt-to-income ratio shall **not exceed 45%** and is the percentage of a

borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt, as well as child support and alimony payments.

B. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index of the maximum primary rate rule of FNMA 90-day rate plus 100 bps (1%), found at the following website:

https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp

No temporary interest rate buy-downs are permitted.

C. LOAN TYPE AND TERM

The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years (unless conditions under 7.3 are met). There shall not be a balloon payment due before the maturity date of the Program loan.

D. IMPOUND ACCOUNT

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. THE PROGRAM LOAN

A. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

For downpayment assistance only (not closing costs or towards purchase price of home), the Sponsor is limited to providing **no more than 50%** of the required downpayment for the home purchase.

B. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.

C. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.0.A.. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The Program Operator will use the "front-end ratio" of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment, and the amount of the primary loan.

D. RATE AND TERMS FOR PROGRAM LOAN

All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL).

The Program loan's term shall be for **30 years**. Upon 30 years of the date of the signing of the Loan, a lump sum (balloon payment) of principal and interest will be due.

The Program loan's interest rate shall be **2% simple interest**, which accrues annually.

All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven, and the loan period cannot be extended, except for loans that are resubordinated when a rate and term refinance is approved, per Attachment A.

E. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

City of Lodi
Neighborhood Services Division
221 West Pine Street
Lodi, CA 95241

B. The Sponsor will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's Program Income Account, as required by HUD programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the principal balance of the Deferred Payment Loan is due and payable, except:

A. The owner shall be assured a fair return on investment including the owner's investment and any capital improvement. If the Net proceeds are insufficient for the Sponsor to recapture the balance of Program Loan owed, the Sponsor shall share the Net proceeds

with the owner in proportion to each party's investment in the property. The Net proceeds are the sales price less repayment of the primary loan, and closing costs.

B. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.

C. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.

D. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment A on loan defaults for further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment A for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

7.5. LOAN MONITORING PROCEDURES

Sponsor will monitor Borrowers and their housing units annually to ensure adherence to Program requirements including, but not limited to, the following:

A. Owner-occupancy
B. Property tax payment
C. Hazard insurance coverage
D. Good standing on Primary loans
E. General upkeep of housing units

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

A. Loan Processing

Per the request of the homebuyer, the City will send out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Sponsor's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit all documents listed in the Application Transmittal Checklist Form, which includes but is not limited to: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive

only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender. As a guide, if the applicant's middle credit score is less than **610**, which is based on certified credit agencies, including Equifax, Experian, and TransUnion, then consideration of the additional factors will be evaluated and a determination of creditworthiness will be approved by the Loan Committee.

Applicant's must allow a certain amount to time pass, after one of the following events:

a. Two years from the date of discharge for Bankruptcy, Chapter 7, or Chapter 13.
b. Three years from the date of foreclosure.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, which includes both the Applicant's and the Primary Lender's sections, the Program Operator will request any additional documents needed. Documents may be faxed, but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Operator will do an income certification (using most recent HUD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contact will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed the Program Operator will submit it to the Sponsor for approval. Sponsor will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of Notice of Default are also recorded with the County Clerk/Recorder.

The City Manager, or their designee, will execute all necessary loan documents, agreements and instruments on behalf of the Sponsor.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined by only physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

With today's high costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Sponsor may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the Sponsor's Loan Committee and/or governing body. Material changes only shall then be sent to HUD for approval.

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's recommended course of action and any written or verbal information supplied by the applicant.

B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the Sponsor's governing body. Final appeal must be filed in writing with HUD within one year after denial.

ATTACHMENT A

LOAN SERVICING POLICIES AND PROCEDURES FOR CITY OF LODI

The City of Lodi, hereafter called "Lender," has adopted these policies and procedures in order to preserve its financial interest in properties whose "Borrowers" have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized promissory notes (or Lender will use an appointed loan collection Company to collect payments). Late fees will be charged for payments received after the assigned monthly due date.

For Notes which are deferred payment loans, the Lender must accept voluntary payments on the loan. Loan payments will be credited to principal. The Borrower may repay the loan balance at any time with no penalty.

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee. Except for HOME-funded loans, if borrower fails to maintain the necessary insurance, the Lender may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the City as lender loss payee will be required at close of escrow. The lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan (not permissible when funded with HOME). Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lienholder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans, the Lender may require that Borrowers submit utility bills and/or other documentation every five (5) year to prove occupancy during the term of the loan. For CDBG, some loans may have income and housing cost evaluations, which require a household to document that they are not able to make amortized loan payments, typically every five years. These loan terms are incorporated in the original Note and Deed of Trust.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Committee.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. For CDBG only, if the heir intends to act as an owner-investor (not permitted under HOME), the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Lender's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies

required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no "cash out" as part of the refinance. No cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrances on the property above traditional refinance transaction costs. The refinance should lower the existing housing cost of the household. The total indebtedness on the property should not exceed the current market value except when the borrower is obtaining a HARP II or other similar federally approved refinance loan. If the HARP II or other similar financing is approved and meets all other requirements, combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

1. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index of the maximum primary rate rule of FNMA 90-day rate plus 100 bps (1%), found at the following website:
   https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp
2. not have a temporary interest rate buy-down;
3. have a term "all due and payable" that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note should be modified to coincide with the maturity date of the new first mortgage; and,
4. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; 4) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property

themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

Lender as Senior Lienholder

When the Lender is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?

2) Can the Borrower refinance with a private lender and pay off the Lender?

3) Can the Borrower sell the property and pay off the Lender?

4) Does the balance warrant foreclosure? (If the balance is under $5,000, the expense to foreclose may not be worth pursuing.)
5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent Below Market Interest Rate current or pay off a Deferred Payment Loan..

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT B

SELLERS LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).
_____

(ii)____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) ____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).
_____

(ii) ____Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c)____Purchaser has received copies of all information listed above.

(d)____Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

(e)____Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards (NOT PERMISSIBLE FOR HOME AND CDBG).

Agent's Acknowledgment (initial)

(f)____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

ATTACHMENT C

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer DECLARATION

This is to inform you that _____ would like to purchase the property, located at _ _____, if a satisfactory agreement can be reached. We are prepared to pay $_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency,_____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is $_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: _____. If you have any questions about this matter, please contact _____at _____.

Sincerely,

_____
Title

_____ _____
Buyer Date

_____ _____
Buyer Date

Form continues on next page with Seller's Acknowledgment

Acknowledgement

As the Seller I/we understand that the _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.

_____ _____

Seller Date

_____ _____

Seller Date

ATTACHMENT D
LEAD-BASED PAINT
VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt ☐
Select one:	Visual Assessment ☐	Presumption ☐	Hazard Reduction ☐

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found ☐	
Attachment A: Summary where deteriorated paint was found.	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.
Date of Presumption Notice:
Lead-based paint is presumed to be present ☐ and/or Lead-based paint ***hazards*** are presumed to be present ☐
Attachment B: Summary of Presumption:

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes ☐ No ☐	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types.	
Attachment D: Location of building components with <u>lead-based paint remaining</u> in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity		
Printed Name:	Signature:	Date:

Section 6: Contact Information	Organization:	
Contact Name:	Contact Signature:	
Date:	Address:	Phone:

ATTACHMENT E

Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

Document Name	**Purpose**	✓
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Disclosure Form	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.	

This was taken from the HUD Website at:

http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING PROGRAM GUIDELINES FOR A FIRST TIME HOME BUYER PROGRAM

==========

WHEREAS, the Department of Housing and Urban Development (HUD) has determined that the City of Lodi, California, is entitled to Community Development Block Grant (CDBG) funds as an entitlement community; and

WHEREAS, CDBG funds are to be used for the purposes set forth in Title I of the Housing and Community Development Act of 1974 (HCDA) to provide decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate-income; and

WHEREAS, under the provisions at 24 CFR §570.201(n), grantees may provide financial assistance to low- and moderate-income households to assist them in the purchase of a home; and

WHEREAS, there is a significant need to provide this service to low-income homebuyers within our community and the CDBG Program provides the best options for implementing such a program.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Program Guidelines, as attached hereto as Exhibit A, for the First Time Home Buyer Program that is to be funded through the City of Lodi's CDBG Program; and

BE IT FURTHER RESOLVED that the Lodi City Council hereby authorizes the City Manager, or his designee, to execute all necessary loan documents, agreements, and instruments for First Time Home Buyer Program loans up to $25,000.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the Lodi City Council in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

City of Lodi

First-Time Homebuyer Loan Program Guidelines

For:

Community Development Block Grant (CDBG) Program

Serving the City of Lodi, a HUD Entitlement Community

CITY OF LODI
FIRST-TIME HOMEBUYER LOAN PROGRAM GUIDELINES

1.0. GENERAL

The City of Lodi, hereinafter referred to as the "Sponsor," has received Community Development Block Grant (CDBG) funds from the United States Department of Housing and Urban Development (HUD), as an entitlement jurisdiction, to administer a homebuyer program. The homebuyer program described herein (the "Program") is designed to provide assistance to eligible homebuyers in purchasing homes, also referred to herein as "housing units", located within the Program's eligible area, as described in Section 3.1.A. The Program provides this assistance in the form of deferred payment "silent" second priority loans as "gap" financing toward the purchase price, downpayment, and/or closing costs of affordable housing units that will be occupied by the homebuyers as their primary residence. The Program will be administered by City of Lodi's Neighborhood Services Manager and designee (the "Program Operator").

1.1. PROGRAM OUTREACH AND MARKETING

All outreach efforts will be done in accordance with state and federal fair lending regulations to assure nondiscriminatory treatment, outreach and access to the Program. No person shall, on the grounds of age, ancestry, color, creed, physical or mental disability or handicap, marital or familial status, medical condition, national origin, race, religion, gender or sexual orientation be excluded, denied benefits or subjected to discrimination under the Program. The Sponsor will ensure that all persons, including those qualified individuals with handicaps, have access to the Program.

A. The Fair Housing Lender and Accessibility logos will be placed on all outreach materials. Fair housing marketing actions will be based upon a characteristic analysis comparison (census data may be used) of the Program's eligible area compared to the ethnicity of the population served by the Program (includes, separately, all applications given out and those receiving assistance) and an explanation of any underserved segments of the population. This information is used to show that protected classes (age, gender, ethnicity, race, and disability) are not being excluded from the Program. Flyers or other outreach materials, in English and any other language that is the primary language of a significant portion of the area residents, will be widely distributed in the Program-eligible area and will be available to any local social service agencies. The Program may sponsor homebuyer classes to help educate homebuyers about the home buying process and future responsibilities. Persons who have participated in local homebuyer seminars may be notified about the Program.

B. The Program Operator will work with local real estate agents and primary lenders to explain the Program requirements for eligible housing units and homebuyers, and to review Program processes. Local real estate agents and primary lenders will also be encouraged to have their customers participate in the Program.

C. Section 504 of the Rehabilitation Act of 1973 prohibits the exclusion of an otherwise qualified individual, solely by reason of disability, from participation under any program receiving Federal funds. The Program Sponsor will take appropriate steps to ensure effective communication with disabled housing applicants, residents and members of the public.

1.2. APPLICATION PROCESS AND SELECTION

A. The potential Applicant (homebuyer) should contact the City of Lodi, Neighborhood Services Division at 209-333-6800 extension 2467, to obtain program information, determine whether they meet basic program qualifications and to obtain the required application.
B. Applicant must complete homebuyer-counseling provided by a HUD-approved Homebuyer Education program, and receive a certificate of completion from the workshop provider. More details about what homebuyer counseling qualifies is described in Section 1.5 Homebuyer Education below.
C. Applicant may wish to pre-qualify for a first mortgage loan. Any reputable lender can participate in the program.
D. Applicant shops for a home and enters into a purchase contract for a home. A real estate agent can assist the Applicant in selecting a home and executing the purchase contract. The purchase offer must allow for the Program Operator's review of the home inspection report.
E. If not already pre-qualified, the Applicant works with the lender to qualify for a first mortgage.
F. The Applicant will work with the first mortgage lender for completion of the Program application package and the first mortgage lender will submit the application to the City.
    a. The application will include attachments, including Sellers Lead-Based Paint Disclosure and the EPA Booklet (Attachment A- Protect Your Family from Lead in Your Home_ and a confirmation that the homebuyer has reviewed/understands them.
    b. Completed applications are processed on a first-come-first-served basis. Applications are deemed complete only if all information is completed, the application is signed and dated. Incomplete applications are returned and will not be date/time stamped until complete.
G. Once completed, the Program Operator will review loan application package for eligibility and will notify the lender of any additional documents that are required. Once the applicant's eligibility is confirmed, they will be provided an eligibility-approval letter.
    a. If the Program Operator encounters material discrepancies and/or misrepresentations, and/or there are income, asset, household composition, or other important questions that can't be resolved, the Sponsor reserves the right to deny assistance to the household. In this case, the applicant may re-apply after six months have elapsed from the time of written assistance denial.
H. Should the Applicant experience any material change in income, assets, household composition, or other eligibility determination occurring after application submittal, but prior to closing, they shall immediately report this to the first lender and Sponsor for review.
I. Upon receipt of appraisal and inspection reports (e.g. termite inspection, professional home inspection), Program Operator will review the reports and provide a written list of any repairs that will be required.
J. A report is submitted to the Program's Loan Committee for loan approval.
K. Once the loan is approved by the Loan Committee, the Sponsor will issue a conditional letter of funding commitment that is good for 30 days and will prepare the necessary loan documents and will meet with the Applicant to sign loan documents.
L. The City Manager, or their designee, will execute all necessary loan documents, agreements and instruments on behalf of the Sponsor.
M. Subsequently, funds will be provided to the escrow or title company for the home purchase.
N. Escrow agent shall record the Program's Deed of Trust and the Declaration of Conditions, Covenants, and Restrictions, and shall send original documents to the Sponsor within seven (7) working days from the date of the closure.
O. If there are any cancellations or disqualifications of the first mortgage loan the lender shall immediately notify the Sponsor in writing and shall include the reason for this action.

1.3. THE HOME PURCHASE PROCESS

A. The housing unit selection process will be conducted by the homebuyers. Prior to making an offer to purchase an eligible housing unit (see Section 3.0), homebuyer shall provide seller with a disclosure containing the following provisions, and obtain Sellers's confirmation of receipt of these provisions (Attachment C):

1) Homebuyer has no power of eminent domain and, therefore, will not acquire the property if negotiations fail to result in an amicable agreement; and
2) Homebuyer's offer is an estimate of the fair market value of the housing unit, to be finally determined by a state licensed appraiser;
3) The housing unit will be subject to inspection. The housing unit must comply with local codes at the time of construction and local health and safety standards.
4) All housing units built prior to January 1, 1978 will require a lead paint disclosure to be signed by both the homebuyer and Seller (Attachment B);
5) Since the purchase would be voluntary, the seller would not be eligible for relocation payments or other relocation assistance;
6) The seller understands that the housing unit must be either: currently owner-occupied, newly constructed, or vacant for three months prior to submission of the purchase offer.
7) If the seller is not provided with a statement of the above six provisions prior to the purchase offer, the seller may withdraw from the agreement after this information is provided.

B. Applicant will execute a standard form purchase and sale agreement. The purchase and sale agreement will be contingent on the household and housing unit meeting Program eligibility requirements and receiving Program loan approval.

C. The Primary Lender completes and submits the Application to the Program Operator, who will verify applicant eligibility, housing unit and loan eligibility and amount of assistance to be provided consistent with these guidelines.

D. Program Operator, where Program Operator is not the Sponsor, submits recommendation to the Loan Committee for approval or denial, including the reasons for the recommendation. The Loan Committee determines Applicant's approval or denial, and instructs Program Operator to notify Applicant. Program Operator provides written notification to Applicant of approval or denial with reason and, if denied, a copy of the Program's appeal procedures.

E. When Primary Lender requirements are met, Program funds are deposited into escrow, with required closing instructions and loan documents.

F. At the time of escrow closing, the Sponsor shall be named as an additional loss payee on fire, flood (if required), and extended coverage insurance for the length of the loan and in an amount sufficient to cover all encumbrances or full replacement cost of the housing unit. A policy of Title Insurance naming the Sponsor as insured is also required.

1.4. HOMEBUYER COSTS

A. Eligible households must document that they have the funds necessary for down payment and closing costs as required by the Primary Lender and the Sponsor. The Program's down payment requirement (below) is in place even if the Primary Lender has a lower down payment requirement. If the Primary Lender has a higher down payment requirement, there is no additional down payment requirement required by the Program.

B. Homebuyer must contribute a minimum down payment of **two percent (2%)** of the purchase price, but may contribute more if desired.

C. Sponsor will not provide a subsidy that is greater than the amount of the primary mortgage, and at a **maximum of $25,000**. The subsidy will write down the cost of the primary lender's loan so that the payments of PITI are **no more than 31%** of the gross household income. The Program Operator will determine the level of subsidy and affordability during underwriting of the Program's loan to make sure that it conforms to the requirements of the CDBG funding Program.

1.5. HOMEBUYER EDUCATION

Buying a home can be one of the most confusing and complicated transactions anyone can make. Providing the future homebuyer with informative homebuyer education training, can bring success to the Sponsor, Program Operator, the Program and most importantly, the homebuyer. It has been documented that first-time homebuyers that have had homebuyer education have the ability to handle problems that occur with homeownership. All Program participants are required to attend a HUD-approved homebuyer education class. The homebuyer education class will cover such topics as the following: preparing for homeownership; available financing; credit analysis; loan closing; homeownership responsibilities; home maintenance; impact of refinancing and loan servicing. Methods of homebuyer counseling and education may include, but are not limited to: one-on-one counseling between homebuyer, counselor and family/individual and/or group workshops and informational sessions. Tools of instruction may include fliers, brochures, power point presentations, worksheets, etc. If Applicant is unsure whether their homebuyer counseling meets the above requirements, they can contact the Neighborhood Services Division to confirm that it is approved under this Program.

1.6. CONFLICT OF INTEREST REQUIREMENTS

When the Sponsor's program contains Federal funds, the applicable Conflict of Interest requirements of 24 CFR Section 570.611 shall be followed for CDBG assistance. Section 92.356 of the HOME Final Rule shall be followed for HOME assistance, as follows:

(a) Conflicts prohibited. No persons described in paragraph (b) of this section who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have a financial interest in any contract, subcontract or agreement with respect to the HOME-assisted activity, or the proceeds from such activity, either for themselves or those with whom they have business or immediate family ties, during their tenure or for one year thereafter. Immediate family ties include (whether by blood, marriage or adoption) the spouse, parent (including stepparent), child (including stepchild), brother, sister (including a stepbrother or stepsister), grandparent, grandchild and in-laws of a covered person.

(b) Persons covered. The conflict of interest provisions of paragraph (a) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the participating jurisdiction, State recipient, or subrecipient which are receiving HOME funds.

(c) Exceptions: Threshold requirements. Upon the written request of the participating jurisdiction to HCD, HUD may grant an exception to the provisions of paragraph (a) of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of the participating jurisdiction's program or project. See 24 CFR 92.356(d)(1-6) for details on the documentation needed in order to submit an exception request to HUD.

1.7. NON-DISCRIMINATION REQUIREMENTS

The Program will be implemented in ways consistent with the Sponsor's commitment to non-discrimination. No person shall be excluded from participation in, denied the benefit of, or be subject to discrimination under any program or activity funded in whole or in part with State funds on the basis of his or her religion or religious affiliation, age, race, color, creed, gender, sexual orientation, marital status, familial status (children), physical or mental disability, national origin, or ancestry, or other arbitrary cause.

2.0 APPLICANT QUALIFICATIONS

2.1. CURRENT INCOME LIMITS FOR THE AREA, BY HOUSEHOLD SIZE

All applicants must certify that they meet the household income eligibility requirements for the applicable CDBG program(s) and have their household income documented. The income limits in place at the time of loan approval will apply when determining applicant income eligibility. All applicants must have incomes at or below 80% of the County's area median family income (MFI), adjusted for household size, as published by HUD.

Household: Means one or more persons who will occupy a housing unit. Unborn children do not count in family size determination.
Annual Income: Generally, the gross amount of income of all adult household members that is anticipated to be received during the coming 12-month period.

2.2. INCOME QUALIFICATION CRITERIA

Projected annual gross income of the applicant household will be used to determine whether they are above or below the published HUD income limits. Income qualification criteria, as shown in the most recent HCD program-specific guidance at http://www.hcd.ca.gov/fa/cdbg/GuideFedPrograms.html, will be followed to independently determine and certify the household's annual gross income. The Program Operator should compare this annual gross income to the income the Primary Lender used when qualifying the household. The Primary Lender is usually underwriting to FHA or conventional guidelines and may not calculate the household income or assets in the same way as required by the Program. Income will be verified by reviewing and documenting tax returns, copies of wage receipts, subsidy checks, bank statements and third-party verification of employment forms sent to employers. All documentation shall be dated within six months prior to loan closing and kept in the applicant file and held in strict confidence.

A. HOUSEHOLD INCOME DEFINITION:

Household income is the annual gross income of all adult household members that is projected to be received during the coming 12-month period, and will be used to determine program eligibility. Refer to Income Inclusions and Exclusions for further guidance to the types of incomes to be included or excluded when calculating gross annual income. For those types of income counted, gross amounts (before any deductions have been taken) are used. Two types of income that are not considered would be income of minors and live-in aides. Certain other household members living apart from the household also require special consideration. The household's projected ability to pay must be used, rather than past earnings, when calculating income.

The link to Annual Income Inclusions and Exclusions is:
http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixB_AnnualIncomeInclusionsExclusions.doc

B. ASSETS:

There is no asset limitation for participation in the Program. Income from assets, however, is recognized as part of annual income under the Part 5 definition. An asset is a cash or non-cash item that can be converted to cash. The value of necessary items such as furniture and automobiles are not included. *(Note: it is the income earned – e.g. interest on a savings account – not the asset value, which is counted in annual income.)*

An asset's cash value is the market value less reasonable expenses required to convert the asset to cash, including, for example, penalties or fees for converting financial holdings, and costs for selling real property. The cash value (rather than the market value) of an item is counted as an asset.

The Link to Asset Inclusions and Exclusions is:
http://www.hcd.ca.gov/fa/cdbg/FedProgGuideDocs/AppendixC_AnnualIncomeAssetInclusionsExclusions.doc

2.3. DEFINITION OF AN ELIGIBLE HOMEBUYER

For CDBG, an eligible homebuyer means an individual or individuals or an individual and his or her spouse who meets the income eligibility requirements and is/are not currently on title to real property. Persons may be on title of a manufactured home unit, who are planning to sell the unit as part of buying a home located on real property. Documentation of homebuyer status will be required for all homebuyers. CDBG-funded programs may assist eligible homebuyers who are not "first-time" homebuyers.

3.0. HOUSING UNIT ELIGIBILITY

3.1. LOCATION AND CHARACTERISTICS

A. Housing units to be purchased must be located within the eligible area. The eligible area is described as follows: "Within the City of Lodi."

B. Housing unit types eligible for the homebuyer Program are a new or previously owned

single-family residence (one-unit property); a condominium unit, or a manufactured home in common-interest developments or on a single-family lot and placed on a permanent foundation system.

C. All housing units must be in compliance with State and local codes and ordinances.

D. Housing units located within a 100-year flood zone will be required to provide proof of flood insurance with an endorsement naming the City as loss payee in order to close escrow.

E. Housing must be "modest", having no more than three bedrooms, two bathrooms, and a two-car garage. Larger homes are acceptable if necessary for the following reasons:
   a. The family size necessitates additional bedroom(s); or
   b. A reasonable accommodation is necessary due to the family's disability (e.g. an extra bedroom for an aide).

   Exceptions must be approved by the Loan Committee and must be documented for monitoring purposes.

3.2. CONDITIONS

A. Construction Inspection and Determining Need for Repairs.

Once the participating homebuyer has executed a purchase agreement for a housing unit, and prior to a commitment of Program funds, the following steps must be taken for the housing unit to be eligible for purchase under the Program:

1) When the Sponsor's Program utilizes Federal funds and if the housing unit was constructed prior to 1978 then the lead-based paint requirements of Section 3.2.C will apply.

2) The Program Operator, a certified housing inspector, or a Sponsor representative will walk through the housing unit, determine if it is structurally sound, and identify any code related and health and safety deficiencies that need to be corrected. A list of code related repair items will be given to the homebuyers and their Realtor to be negotiated with the seller. Only new construction and homes built within the previous 12 months and not previously occupied are not subject to a home inspection.

3) Upon completion of all work required by the Program Operator, Sponsor, appraiser, pest inspector and/or certified housing inspector, a final inspection will be conducted prior to close of escrow. The inspector will sign off on all required construction work assuring that each housing unit receiving Program assistance is in compliance with local codes and health and safety requirements at the time of purchase and prior to occupancy.

B. Lead-Based Paint Hazards: All housing units built prior to 1978 for which HOME or CDBG funding is anticipated are subject to the requirements of this section 3.2.C. Such homes must undergo a visual assessment by a person who has taken HUD's online Visual Assessment course. Deteriorated paint must be stabilized using work safe methods. Clearance must be obtained after paint stabilization by a DHS certified LBP Risk

Assessor/Inspector. HOME and CDBG general administrative and activity delivery funds may be used to pay for lead-based paint visual assessments, and if lead mitigation and clearance costs are incurred, these programs may incorporate the costs into the calculation of Program assistance.

The following requirements must be met:

1) **Notification**: a) Prior to homebuyer's obligation to purchase a pre-1978 home, the Buyer will be given the most recent copy of and asked to read the EPA pamphlet "*Protect Your Family From Lead in Your Home*" (EPA 747-K-94-001). A signed receipt of the pamphlet will be kept in the Sponsor's homebuyer file; b) A notice to residents is required following a risk assessment/inspection using form DHS 8552, which is provided by the DHS-certified Risk Assessor/Inspector; c) a notice to residents is required following lead-based paint mitigation work using Visual Assessment and Lead-based Paint Notice of Presumption and Hazard Reduction form, LBP – 1 (Attachment B).

2) **Disclosure:** Prior to the homebuyer's obligation to purchase a pre-1978 housing unit, the HUD disclosure (Attachment B), "Seller's Lead-based Paint Disclosure" notice must be provided by the seller to the homebuyer.

3) **Inspections:** The Inspector shall conduct a "Visual Assessment" of all the dwelling unit's painted surfaces in order to identify deteriorated paint. All deteriorated paint will be stabilized in accordance with CFR 35.1330 (a) and (b); and a Clearance shall be made in accordance with CFR 35.1340.

4) **Mitigation:** If stabilization is required, the contractor performing the mitigation work must use appropriately trained workers. Prior to the contractor starting mitigation work the Program Operator shall obtain copies of the contractor's and workers' appropriate proof of LBP training, as applicable to the job in order to assure that only qualified contractors and workers are allowed to perform the mitigation.

C. The Program Operator will: 1) confirm that the housing unit is within the eligible area, 2) will review each proposed housing unit to ensure that it meets all eligibility criteria before funding, and 3) ensure a completed Lead Compliance Document Checklist is placed in each purchaser's file.

3.3 ANTI-DISPLACEMENT POLICY AND RELOCATION ASSISTANCE

Eligible homes will be those that are currently owner-occupied or have been vacant for three months prior to the acceptance of a contract to purchase. A unit is ineligible if its purchase would result in the displacement of a tenant. It is not anticipated that the implementation of the Program will result in the displacement of any persons, households, or families. However, if tenant-occupied homes are included in the Program and relocation becomes necessary, the activity will be carried out in compliance with Sponsor's relocation plan, which describes how those permanently displaced will be relocated and paid benefits in accordance with the following Federal laws.

A. **Uniform Relocation Assistance (URA) and Real Property Acquisition Policies Act of 1970**

The federal URA and Real Property Acquisition Policies, as amended by the URA Amendments of 1987, contains requirements for carrying out real property acquisition or the displacement of a person, regardless of income status, for a project or program for which HUD financial assistance (including CDBG and HOME) is provided. Requirements governing real property acquisition are described in Chapter VIII. The implementing regulations, 49 CFR Part 24, require developers and owners to take certain steps in regard to tenants of housing to be acquired, rehabbed or demolished, including tenants who will not be relocated even temporarily.

B. **Section104(d) of the Housing and Community Development Act of 1974**

Section 104(d) requires each contractor (CHDO or State Recipient), as a condition of receiving assistance under HOME or CDBG, to certify that it is following a residential anti-displacement plan and relocation assistance plan. Section 104(d) also requires relocation benefits to be provided to low-income persons who are physically displaced or economically displaced as the result of a HOME or CDBG assisted project, and requires the replacement of low-income housing, which is demolished or converted. The implementing regulations for Section 104(d) can be found in 24 CFR Part 570(a).

3.4. PROPER NOTIFICATION AND DISCLOSURES

A. Upon selection of a housing unit, a qualified seller and homebuyer will be given the necessary disclosures for the Program. The homebuyer must have read and signed all Program disclosure forms. Any and all property disclosures must be reviewed and signed by the homebuyer and seller.

B. All owners who wish to sell their housing units must receive an acquisition notice prior to submission of the homebuyer's original offer. This notice will be included in the contract and must be signed by all owners on title. The disclosure must contain the items listed in 1.3.B. (required for federally-funded programs).

4.0. PURCHASE PRICE LIMITS

There are no purchase price limits under this program.

5.0. THE PRIMARY LOAN

Prior to obtaining a loan from the Sponsor, a homebuyer must provide evidence of financing for the maximum amount the Primary Lender is willing to loan (the "primary loan").

A. QUALIFYING RATIOS

The front-end (housing) debt-to-income ratio shall **not exceed 30%** and is the percentage of a borrower's gross monthly income (before deductions) that would cover the cost of the loan principal and interest payment, property taxes, property insurance, mortgage insurance, and HOA dues, if any.

The back-end (total) debt-to-income ratio shall **not exceed 45%** and is the percentage of a

borrower's gross monthly income that would cover the cost of housing as described in the paragraph above, plus any other monthly debt payments like car or personal loans and credit card debt, as well as child support and alimony payments.

B. INTEREST RATE

The primary loan must have a fixed interest rate that does not exceed the current market rate, as established by an index of the maximum primary rate rule of FNMA 90-day rate plus 100 bps (1%), found at the following website:

https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp

No temporary interest rate buy-downs are permitted.

C. LOAN TYPE AND TERM

The primary loan shall be fully amortized and have a term "all due and payable" in no fewer than 30 years (unless conditions under 7.3 are met). There shall not be a balloon payment due before the maturity date of the Program loan.

D. IMPOUND ACCOUNT

All households will be required to have impound accounts for the payment of taxes and insurance to ensure they remain current.

6.0. THE PROGRAM LOAN

A. MAXIMUM AMOUNT OF PROGRAM ASSISTANCE

For downpayment assistance only (not closing costs or towards purchase price of home), the Sponsor is limited to providing **no more than 50%** of the required downpayment for the home purchase.

B. NON-RECURRING CLOSING COSTS

Non-recurring costs such as credit report, escrow, closing and recording fees, and title report and title insurance, title updates and/or related costs may be included in the Program loan.

C. AFFORDABILITY PARAMETERS FOR HOMEBUYERS

The actual amount of a buyer's Program subsidy shall be computed according to the housing ratio parameters specified in Section 5.0.A.. Each borrower shall receive only the subsidy needed to allow them to become homeowners ("the Gap") while keeping their housing costs affordable. The Program Operator will use the "front-end ratio" of housing-expense-to-income to determine if the amount of the proposed primary loan is acceptable and, ultimately, the Program subsidy amount required, bridging the gap between the acquisition cost (purchase price plus closing costs) less down payment, and the amount of the primary loan.

D. RATE AND TERMS FOR PROGRAM LOAN

All Program assistance to individual households shall be made in the form of deferred payment (interest and principal) loan (DPL).

The Program loan's term shall be for **30 years**. Upon 30 years of the date of the signing of the Loan, a lump sum (balloon payment) of principal and interest will be due.

The Program loan's interest rate shall be **2% simple interest**, which accrues annually.

All Program loan payments shall be deferred because the borrowers will have their repayment ability fully utilized under the primary loan. Loan principal shall not be forgiven, and the loan period cannot be extended, except for loans that are resubordinated when a rate and term refinance is approved, per Attachment A.

E. COMBINED LOAN-TO-VALUE RATIO

The loan-to-value ratio for a Program loan, when combined with all other indebtedness to be secured by the property, shall not exceed 100 percent of the sales price plus a maximum of up to 5 percent of the sales price to cover actual closing costs.

7.0. PROGRAM LOAN REPAYMENT

7.1. PAYMENTS ARE VOLUNTARY

Borrowers may begin making voluntary payments at any time.

7.2. RECEIVING LOAN PAYMENTS

A. Program loan payments will be made to:

City of Lodi
Neighborhood Services Division
221 West Pine Street
Lodi, CA 95241

B. The Sponsor will be the receiver of loan payments or recaptured funds and will maintain a financial record-keeping system to record payments and file statements on payment status. Payments shall be deposited and accounted for in the Sponsor's Program Income Account, as required by HUD programs. The Program lender will accept loan payments from borrowers prepaying deferred loans, and from borrowers making payments in full upon sale or transfer of the property. All loan payments are payable to the Sponsor. The Sponsor may at its discretion, enter into an agreement with a third party to collect and distribute payments and/or complete all loan servicing aspects of the Program.

7.3. DUE UPON SALE OR TRANSFER

In the event that an owner sells, transfers title, or discontinues residence in the purchased property for any reason, the principal balance of the Deferred Payment Loan is due and payable, except:

A. The owner shall be assured a fair return on investment including the owner's investment and any capital improvement. If the Net proceeds are insufficient for the Sponsor to recapture the balance of Program Loan owed, the Sponsor shall share the Net proceeds

with the owner in proportion to each party's investment in the property. The Net proceeds are the sales price less repayment of the primary loan, and closing costs.

B. If the owner of the property dies, and the heir to the property meets income requirements, the First-Time Homebuyer definition, and intends to occupy the home as a principal residence, the heir may be permitted, upon approval of the Sponsor, to assume the loan at the rate and terms the heir qualifies for under the current participation guidelines. If the property owner dies and the heir does not meet eligibility requirements, the loan is due and payable.

C. If an owner wants to convert the property to a rental unit, or any commercial or non-residential use, the loan is due and payable.

D. The loan will be in default if the borrower fails to maintain required fire or flood insurance or fails to pay property taxes. See Attachment A on loan defaults for further information on property restrictions.

7.4. LOAN SERVICING POLICIES AND PROCEDURES

See Attachment A for local loan servicing policies and procedures. While the attached policy outlines a system that can accommodate a crisis that restricts borrower repayment ability, it should in no way be misunderstood: The loan must be repaid. All legal means to ensure the repayment of a delinquent loan as outlined in the Loan Servicing Policies and Procedures will be pursued.

7.5. LOAN MONITORING PROCEDURES

Sponsor will monitor Borrowers and their housing units annually to ensure adherence to Program requirements including, but not limited to, the following:

A. Owner-occupancy
B. Property tax payment
C. Hazard insurance coverage
D. Good standing on Primary loans
E. General upkeep of housing units

8.0. PROGRAM LOAN PROCESSING AND APPROVAL

A. Loan Processing

Per the request of the homebuyer, the City will send out an eligibility packet with all the necessary forms, disclosures, information, and application. They should submit a complete application packet with all the Sponsor's Program loan documents executed as well as all the information from the Primary Lender. The Primary Lender should submit all documents listed in the Application Transmittal Checklist Form, which includes but is not limited to: 1) accepted property sales contract with proper seller notification; 2) mortgage application with good faith estimates and first mortgage disclosures; 3) full mortgage credit report and rent verification; 4) current third party income verifications and verifications of assets; 5) homeownership education certificate, if applicable; and 6) signed underwriting transmittal summary and final signed loan application, both from primary lender. Staff will work with local lenders to ensure qualified participants receive

only the benefit from the Sponsor's Program needed to purchase the housing unit and that leveraged funds will be used when possible.

B. Creditworthiness

Qualifying ratios are only a rough guideline in determining a potential borrower's creditworthiness. Many factors such as excellent or poor credit history, amount of down payment, and size of loan will influence the decision to approve or disapprove a particular loan. The borrower's credit history will be reviewed by the Sponsor and documentation of such maintained in the loan file. The Sponsor may elect to obtain a credit report or rely on a current copy obtained by the primary lender. As a guide, if the applicant's middle credit score is less than **610**, which is based on certified credit agencies, including Equifax, Experian, and TransUnion, then consideration of the additional factors will be evaluated and a determination of creditworthiness will be approved by the Loan Committee.

Applicant's must allow a certain amount to time pass, after one of the following events:

a. Two years from the date of discharge for Bankruptcy, Chapter 7, or Chapter 13.
b. Three years from the date of foreclosure.

C. Documents from Primary Lender

After initial review of the qualified homebuyer's application packet, which includes both the Applicant's and the Primary Lender's sections, the Program Operator will request any additional documents needed. Documents may be faxed, but originals shall be received through the mail before Program funds are committed to escrow. Based on receipt and review of the final documents, the Program Operator will do an income certification (using most recent HUD program's guidance on income calculation and determination), and homebuyer certification (review of credit report and income taxes). Documentation of affordability will then be verified and subsidy requirement determined.

D. Disclosure of Program and Loan Information to Homebuyers

The Program's application and disclosure forms will contain a summary of the loan qualifications of the borrower with and without Program assistance. Housing ratios with and without Program assistance are also outlined in these guidelines. Information on the Program's application will be documented with third party verifications in the file. For example, the sales contact will provide the final purchase price and outline how much of the closing costs are to be paid by the seller, etc. The appraisal, termite and title report will provide information to substantiate the information in the sales contract and guide the construction inspection. The Program loan application will provide current debt and housing information and will be documented by the credit report and income/asset verifications. The Primary Lender's approval letter and estimated closing cost statement should reflect all the information in the loan package and show any contingencies of loan funding. Reviewing the Primary Lender's loan underwriting documentation will provide basic information about the qualification of the applicant and substantiate the affordability provided by the Program loan. By reviewing and crosschecking all the Primary Lender information, the final Program loan amount approved will fall within the affordability parameters of the Program.

8.1. COMPLETION OF UNDERWRITING AND APPROVAL OF PROGRAM LOAN

Once the loan approval package has been completed the Program Operator will submit it to the Sponsor for approval. Sponsor will review the request and may approve it with or without conditions. Upon approval, a final closing date for escrow is set and Program funds are accessed for the homebuyer.

8.2. PRIMARY AND PROGRAM LOAN DOCUMENT SIGNING

The homebuyer(s) sign promissory notes, loan agreements, deeds of trust, and statutory lending notices (Truth In Lending (TIL), etc.); the Deeds of Trust are recorded with the County Clerk/Recorder at the same time, and the request(s) for copy of Notice of Default are also recorded with the County Clerk/Recorder.

The City Manager, or their designee, will execute all necessary loan documents, agreements and instruments on behalf of the Sponsor.

8.3. ESCROW PROCEDURES

The escrow/title company shall review the escrow instruction provided by the Program lender and shall issue a California Land Title Association (CLTA) and the American Land Title Association (ALTA) after closing. The CLTA policy is issued to the homebuyer and protects them against failure of title based on public records and against such unrecorded risks as forgery of a deed. The ALTA is issued to each lender providing additional coverage for the physical aspects of the property as well as the homebuyer's title failure. These aspects include anything which can be determined by only physical inspection, such as correct survey lines; encroachments; mechanics liens; mining claims and water rights. The Program lender instructs the escrow/title company in the escrow instructions as to what may show on the policy; the amount of insurance on the policy (all liens should be covered) and the loss payee (each lender should be listed as a loss payee and receive an original ALTA).

9.0. SUBORDINATE FINANCING

With today's high costs, in order for a low-income household to obtain a home, several funding sources might be required. Subordinate loans may be used to cover mortgage subsidy costs that exceed the Program maximum loan amount. All subordinate liens must have the payments deferred and the term must be for at least as long as the term of the Program loan.

10.0. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

The Sponsor may make amendments to these Participation Guidelines. Any changes shall be made in accordance with regulations and approved by the Sponsor's Loan Committee and/or governing body. Material changes only shall then be sent to HUD for approval.

10.1. DEFINITION OF EXCEPTION

Any case to which a standard policy or procedure, as stated in the guidelines, does not apply or an applicant treated differently from others of the same class would be an exception.

10.2. PROCEDURES FOR EXCEPTIONAL CIRCUMSTANCES

A. The Sponsor or its agent may initiate consideration of an exception and prepare a report. This report shall contain a narrative, including the Sponsor's recommended course of action and any written or verbal information supplied by the applicant.

B. The Sponsor shall make a determination of the exception based on the recommendation of the Program Operator. The request can be presented to the Sponsor's loan committee and/or governing body for a decision.

11.0. DISPUTE RESOLUTION AND APPEALS PROCEDURE

Any applicant denied assistance from the Program has the right to appeal. Complaints concerning the Program should be made to the Program Operator first. If unresolved in this manner, the complaint or appeal must be made in writing and filed with the Sponsor. The Sponsor will then schedule a meeting with the Loan Review Committee. Their written response will be made within thirty (30) working days. If the applicant is not satisfied with the Committee's decision, a request for an appeal may be filed with the Sponsor's governing body. Final appeal must be filed in writing with HUD within one year after denial.

ATTACHMENT A

LOAN SERVICING POLICIES AND PROCEDURES FOR CITY OF LODI

The City of Lodi, hereafter called "Lender," has adopted these policies and procedures in order to preserve its financial interest in properties whose "Borrowers" have been assisted with public funds. The Lender will to the greatest extent possible follow these policies and procedures, but each loan will be evaluated and handled on a case-by-case basis. The Lender has formulated this document to comply with state and federal regulations regarding the use of these public funds and any property restrictions, which are associated with them.

The policies and procedures are broken down into the following areas: 1) making required monthly payments or voluntary payments on a loan's principal and interest; 2) required payment of property taxes and insurance; 3) required Request for Notice of Default on all second mortgages; 4) loans with annual occupancy restrictions and certifications 5) required noticing and limitations on any changes in title or use of property; 6) required noticing and process for requesting a subordination during a refinance; 7) processing of foreclosure in case of default on the loan.

1. Loan Repayments:

The Lender will collect monthly payments from those borrowers who are obligated to do so under Notes which are amortized promissory notes (or Lender will use an appointed loan collection Company to collect payments). Late fees will be charged for payments received after the assigned monthly due date.

For Notes which are deferred payment loans, the Lender must accept voluntary payments on the loan. Loan payments will be credited to principal. The Borrower may repay the loan balance at any time with no penalty.

2. Payment of Property Taxes and Insurance:

As part of keeping the loan from going into default, borrower must maintain property insurance coverage naming the Lender as loss payee. Except for HOME-funded loans, if borrower fails to maintain the necessary insurance, the Lender may take out force placed insurance to cover the property while the Borrower puts a new insurance policy in place. All costs for installing the necessary insurance will be added to the loan balance at time of installation of Borrower's new insurance.

When a property is located in a 100-year flood plain, the Borrower will be required to carry the necessary flood insurance. A certificate of insurance for flood and for standard property insurance with an endorsement naming the City as lender loss payee will be required at close of escrow. The lender will verify the insurance on an annual basis.

Property taxes must be kept current during the term of the loan. If the Borrower fails to maintain payment of property taxes then the lender may pay the taxes current and add the balance of the tax payment plus any penalties to the balance of the loan (not permissible when funded with HOME). Wherever possible, the Lender encourages Borrower to have impound accounts set up with their first mortgagee wherein they pay their taxes and insurance as part of their monthly mortgage payment.

3. Required Request for Notice of Default:

When the Borrower's loan is in second position behind an existing first mortgage, it is the Lender's policy to prepare and record a "Request for Notice of Default" for each senior lien in front of Lender's loan. This document requires any senior lienholder listed in the notice to notify the lender of initiation of a foreclosure action. The Lender will then have time to contact the Borrower and assist them in bringing the first loan current, if possible. The Lender can also monitor the foreclosure process and go through the necessary analysis to determine if the loan can be made whole or preserved. When the Lender is in a third position and receives notification of foreclosure from only one senior lienholder, it is in their best interest to contact any other senior lienholders regarding the status of their loans.

4. Annual Occupancy Restrictions and Certifications:

On owner-occupant loans, the Lender may require that Borrowers submit utility bills and/or other documentation every five (5) year to prove occupancy during the term of the loan. For CDBG, some loans may have income and housing cost evaluations, which require a household to document that they are not able to make amortized loan payments, typically every five years. These loan terms are incorporated in the original Note and Deed of Trust.

5. Required Noticing and Restrictions on Any Changes of Title or Occupancy:

In all cases where there is a change in title or occupancy or use, the Borrower must notify the Lender in writing of any change. Lender and Borrower will work together to ensure the property is kept in compliance with the original Program terms and conditions such that it remains available as an affordable home for low-income families. These types of changes are typical when Borrowers do estate planning (adding a relative to title) or if a Borrower dies and property is transferred to heirs or when the property is sold or transferred as part of a business transaction. In some cases the Borrower may move and turn the property into a rental unit without notifying the Lender. Changes in title or occupancy must be in keeping with the objective of benefit to low-income households (below 80 percent of AMI).

Change from owner-occupant to owner-occupant occurs at a sale. When a new owner-occupant is not low-income, the loan is not assumable and the loan balance is immediately due and payable. If the new owner-occupant qualifies as low-income, the purchaser may either pay the loan in full or assume all loan repayment obligations of the original owner-occupant, subject to the approval of the Lender's Loan Committee.

If a transfer of the property occurs through inheritance, the heir (as owner-occupant) may be provided the opportunity to assume the loan at an interest rate based on household size and household income, provided the heir is income eligible. If the heir intends to occupy the property and is not low-income, the balance of the loan is due and payable. For CDBG only, if the heir intends to act as an owner-investor (not permitted under HOME), the balance of the loan may be converted to an owner/investor interest rate and loan term and a rent limitation agreement is signed and recorded on title. All such changes are subject to the review and approval of the Lender's Loan Committee.

Change from owner-occupant to owner-investor occurs when an owner-occupant decides to move out and rent the assisted property, or if the property is sold to an investor. If the owner converts any assisted unit from owner-occupied to rental, the loan is due in full.

Conversion to use other than residential use is not allowable where the full use of the property is changed from residential to commercial or other. In some cases, Borrowers may request that the Lender allow for a partial conversion where some of the residence is used for a business but the household still resides in the property. Partial conversions can be allowed if it is reviewed and approved by any and all agencies

required by local statute. If the use of the property is converted to a fully non-residential use, the loan balance is due and payable.

6. Requests for Subordinations:

When a Borrower wishes to refinance their existing first mortgage, they must submit a subordination request to the Sponsor. The Sponsor will subordinate their loan only when there is no "cash out" as part of the refinance. No cash out means there are no additional charges on the transaction above loan and escrow closing fees. There can be no third-party debt payoffs or additional encumbrances on the property above traditional refinance transaction costs. The refinance should lower the existing housing cost of the household. The total indebtedness on the property should not exceed the current market value except when the borrower is obtaining a HARP II or other similar federally approved refinance loan. If the HARP II or other similar financing is approved and meets all other requirements, combined Loan-To-Value will not be considered when reviewing the subordination request.

Also, the loan must:

1. be fully amortized and have a fixed interest rate that does not exceed the current market rate, as established by an index of the maximum primary rate rule of FNMA 90-day rate plus 100 bps (1%), found at the following website:
   https://www.efanniemae.com/sf/refmaterials/hrny/index.jsp
2. not have a temporary interest rate buy-down;
3. have a term "all due and payable" that matures prior to or concurrently with the maturity date of the Promissory Note. Therefore, the maturity date of the existing Promissory Note should be modified to coincide with the maturity date of the new first mortgage; and,
4. not have a balloon payment due before the maturity date of the Program loan.

Upon receiving the proper documentation from the refinance lender, the request will be considered by the loan committee for review and approval. Upon approval, the escrow company will provide the proper subordination document for execution and recordation by the Sponsor.

7. Process for Loan Foreclosure:

Upon any condition of loan default: 1) non-payment; 2) lack of insurance or property tax payment; 3) change in title or use without approval; 4) default on senior loans, the Lender will send out a letter to the Borrower notifying them of the default situation. If the default situation continues then the Lender may start a formal process of foreclosure.

When a senior lienholder starts a foreclosure process and the Lender is notified via a Request for Notice of Default, the Lender, who is the junior lienholder, may cancel the foreclosure proceedings by "reinstating" the senior lienholder. The reinstatement amount or payoff amount must be obtained by contacting the senior lienholder. This amount will include all delinquent payments, late charges and fees to date. Lender must confer with Borrower to determine if, upon paying the senior lienholder current, the Borrower can provide future payments. If this is the case then the Lender may cure the foreclosure and add the costs to the balance of the loan with a Notice of Additional Advance on the existing note.

If the Lender determines, based on information on the reinstatement amount and status of Borrower, that bringing the loan current will not preserve the loan, then staff must determine if it is cost effective to protect their position by paying off the senior lienholder in total and restructure the debt such that the unit is made affordable to the Borrower. If the Lender does not have sufficient funds to pay the senior lienholder in full, then they may choose to cure the senior lienholder and foreclose on the property

themselves. As long as there is sufficient value in the property, the Lender can afford to pay for the foreclosure process and pay off the senior lienholder and retain some or all of their investment.

If the Lender decides to reinstate, the senior lienholder will accept the amount to reinstate the loan up until five (5) days prior to the set "foreclosure sale date." This "foreclosure sale date" usually occurs about four (4) to six (6) months from the date of recording of the "Notice of Default." If the Lender fails to reinstate the senior lienholder before five (5) days prior to the foreclosure sale date, the senior lienholder would then require a full pay off of the balance, plus costs, to cancel foreclosure. If the Lender determines the reinstatement and maintenance of the property not to be cost effective and allows the senior lienholder to complete foreclosure, the Lender's lien may be eliminated due to insufficient sales proceeds.

Lender as Senior Lienholder

When the Lender is first position as a senior lienholder, active collection efforts will begin on any loan that is 31 or more days in arrears. Attempts will be made to assist the homeowner in bringing and keeping the loan current. These attempts will be conveyed in an increasingly urgent manner until loan payments have reached 90 days in arrears, at which time the Lender may consider foreclosure. Lender's staff will consider the following factors before initiating foreclosure:

1) Can the loan be cured and can the rates and terms be adjusted to allow for affordable payments such that foreclosure is not necessary?

2) Can the Borrower refinance with a private lender and pay off the Lender?

3) Can the Borrower sell the property and pay off the Lender?

4) Does the balance warrant foreclosure? (If the balance is under $5,000, the expense to foreclose may not be worth pursuing.)
5) Will the sales price of home "as is" cover the principal balance owing, necessary advances, (maintain fire insurance, maintain or bring current delinquent property taxes, monthly yard maintenance, periodic inspections of property to prevent vandalism, etc.) foreclosure, and marketing costs?

If the balance is substantial and all of the above factors have been considered, the Lender may opt to initiate foreclosure. The Borrower must receive, by certified mail, a thirty-day notification of foreclosure initiation. This notification must include the exact amount of funds to be remitted to the Lender to prevent foreclosure (such as, funds to bring a delinquent Below Market Interest Rate current or pay off a Deferred Payment Loan..

At the end of thirty days, the Lender should contact a reputable foreclosure service or local title company to prepare and record foreclosure documents and make all necessary notifications to the owner and junior lienholders. The service will advise the Lender of all required documentation to initiate foreclosure (Note and Deed of Trust usually) and funds required from the owner to cancel foreclosure proceedings. The service will keep the Lender informed of the progress of the foreclosure proceedings.

When the process is completed, and the property has "reverted to the beneficiary" at the foreclosure sale, the Lender could sell the home themselves under a homebuyer program or use it for an affordable rental property managed by a local housing authority or use it for transitional housing facility or other eligible use. The Lender could contract with a local real estate broker to list and sell the home and use those funds for program income eligible uses.

ATTACHMENT B

SELLERS LEAD-BASED PAINT DISCLOSURE

Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards
Lead Warning Statement

Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.

Seller's Disclosure

(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):

(i) ____ Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).

_____

(ii)____ Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

(b) Records and reports available to the seller (check (i) or (ii) below):

(i) ____ Seller has provided the purchaser with all available records and reports pertaining to Lead-based paint and/or lead-based paint hazards in the housing (list documents below).

_____

(ii) ____Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.

Purchaser's Acknowledgment (initial)

(c)____Purchaser has received copies of all information listed above.

(d)____Purchaser has received the pamphlet Protect Your Family from Lead in Your Home.

(e)____Purchaser has (check (i) or (ii) below):

(i) _____ received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or

(ii) _____waived the opportunity to conduct a risk assessment or inspection for the presence of Lead-based paint and/or lead-based paint hazards (NOT PERMISSIBLE FOR HOME AND CDBG).

Agent's Acknowledgment (initial)

(f)____ Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.

Certification of Accuracy

The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.

Seller	Date	Seller	Date
Purchaser	Date	Purchaser	Date
Agent	Date	Agent	Date

ATTACHMENT C

Disclosure to Seller with Voluntary, Arm's Length Purchase Offer DECLARATION

This is to inform you that _____ would like to purchase the property, located at _ _____, if a satisfactory agreement can be reached. We are prepared to pay $_____ for a clear title to the property under conditions described in the attached proposed contract of sale.

Because Federal funds may be used in the purchase, however, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the buyer, _____, thru the agency,_____ will not acquire your property. The buyer does not have the power of eminent domain to acquire your property by condemnation (i.e. eminent domain) and the agency/Sponsor _____ will not use the power of eminent domain to acquire the property.
2. The estimated fair market value of the property is $_____ and was estimated by _____, to be finally determined by a professional appraiser prior to close of escrow.

Since the purchase would be a voluntary, arms length, transaction you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us at: _____. If you have any questions about this matter, please contact _____at _____.

Sincerely,

_____
Title

_____ _____
Buyer Date

_____ _____
Buyer Date

Form continues on next page with Seller's Acknowledgment

Acknowledgement

As the Seller I/we understand that the _____ will inspect the property for health and safety deficiencies. I/we also understand that public funds may be involved in this transaction and, as such, if the property was built before 1978, a lead-based paint disclosure must be signed by both the buyer and seller, and that a Visual Assessment will be conducted to determine the presence of deteriorated paint.

As the Seller, I/we understand that under the City's program, the property must be currently owner-occupied, vacant for three months at the time of submission of purchase offer, new (never occupied), or renter purchasing the unit. I/we hereby certify that the property is:

☐ Vacant at least 3 months; ☐ Owner-occupied; ☐ New; or ☐ Being Purchased by Occupant

I/we hereby certify that I have read and understand this "Declaration" and ☐ a copy of said Notice was given to me prior to the offer to purchase. If received after presentation of the purchase offer, I/We choose ☐ to withdraw or ☐ not to withdraw, from the Purchase Agreement.

_____ _____
Seller Date

_____ _____
Seller Date

ATTACHMENT D
LEAD-BASED PAINT
VISUAL ASSESSMENT, NOTICE OF PRESUMPTION, AND HAZARD REDUCTION FORM

Section 1: Background Information			
Property Address:			No LBP found or LBP exempt ☐
Select one:	Visual Assessment ☐	Presumption ☐	Hazard Reduction ☐

Section 2: Visual Assessment. Fill out Sections 1, 2, and 6. If paint stabilization is performed, also fill out Sections 4 and 5 after the work is completed.	
Visual Assessment Date:	Report Date:
Check if no deteriorated paint found ☐	
Attachment A: Summary where deteriorated paint was found.	

Section 3: Notice of Presumption. Fill out Sections 1, 3, 5, and 6. Provide to occupant w/in 15 days of presumption.
Date of Presumption Notice:
Lead-based paint is presumed to be present ☐ and/or Lead-based paint ***hazards*** are presumed to be present ☐
Attachment B: Summary of Presumption:

Section 4: Notice of Lead-Based Paint Hazard Reduction Activity. Fill out Sections 1, 4, 5, and 6. Provide to occupant w/in 15 days of after work completed.	
Date of Hazard Reduction Notice:	
Initial Hazard Reduction Notice? Yes ☐ No ☐	Start & Completion Dates:
If "No", dates of previous Hazard Reduction Activity Notices:	
Attachment C: Activity locations and types.	
Attachment D: Location of building components with lead-based paint remaining in the rooms, spaces or areas where activities were conducted.	
Attachment E: Attach clearance report(s), using DHS form 8552 (and 8551 for abatement activities)	

Section 5: Resident Receipt of Notice for Presumption or Lead-Based Paint Hazard Reduction Activity		
Printed Name:	Signature:	Date:

Section 6: Contact Information	Organization:	
Contact Name:	Contact Signature:	
Date:	Address:	Phone:

ATTACHMENT E

Homebuyer Program Lead Compliance Document Checklist

The following documents should be in each Homebuyer unit file to document compliance with the lead requirements:

Document Name	Purpose	✓
Lead Safe Housing Rule Screening Sheet	Documents exemptions	
Physical inspection form (HQS or equivalent)	Documents visual assessment results	
Seller Certification	Seller certifies that paint was stabilized by qualified workers and that safe work practices were followed during paint stabilization	
Clearance Report and Clearance Review Worksheet	Documents that unit passed clearance	
Disclosure Form	Documents that buyer received disclosure and pamphlet.	
Lead Hazard Reduction Notice	Documents that buyer received required lead hazard reduction notification.	

This was taken from the HUD Website at:

http://www.hud.gov/offices/cpd/affordablehousing/training/leadsafe/usefulforms/index.cfm#crosscutting

AGENDA ITEM **C-15**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving the City of Lodi Investment Policy and Internal Control Guidelines

MEETING DATE: October 19, 2016

PREPARED BY: Deputy City Manager/Treasurer

RECOMMENDED ACTION: Adopt resolution approving the City of Lodi Investment Policy and Internal Control Guidelines.

BACKGROUND INFORMATION: Prudent financial management dictates that financial policies be reviewed periodically and updated as required. Council last reviewed the Investment Policy in January 2016.

Staff is recommending changes to the policy as noted below in response to the current low interest rate environment. All changes have been reflected in redline throughout the policy:

- On page 7 and 9, language has been added that will allow the Treasurer to invest in Certificates of Deposit (CD) in amounts that exceed the Federal Deposit Insurance Corporation coverage limits as long as the CD is fully collateralized. The current policy limits the CD amount to $250,000, the FDIC insurance limit, effectively limiting the amount and number of CD's that the City can carry with an individual institution. The recommended change will allow the Treasurer to carry multiple CD's with a single institution, thereby allowing the City to maximize its investment return opportunities.

- On page 14, corrects the frequency of investment reporting to the Council to mirror current practice.

- Grammar changes are also reflected throughout the document.

The policy is in compliance with state laws governing the investment of local agency funds and provides internal control guidelines to protect City of Lodi funds from misappropriation, speculation and fraud. The objectives of Lodi's investment policy remain, in priority order: safety, liquidity, and return.

FISCAL IMPACT: None.

FUNDING AVAILABLE: Not applicable.

Jordan Ayers
Treasurer

Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

CITY OF LODI

INVESTMENT POLICY
AND
INTERNAL CONTROL GUIDELINES

TABLE OF CONTENTS

SECTION 1 - INVESTMENT POLICIES 1

1.1 INTRODUCTION 2

1.2 SCOPE 2

1.3 OBJECTIVES 2

1.4 DELEGATION OF AUTHORITY 3

1.5 PRUDENCE 3

1.6 ETHICS AND CONFLICTS OF INTEREST 4

1.7 MONITORING AND ADJUSTING THE PORTFOLIO 4

1.8 INTERNAL CONTROLS 4

1.9 REPORTING 4

1.10 AUTHORIZED INVESTMENTS 5

1.11 BANKS AND SECURITY DEALERS 8

1.12 PURCHASE OF CDs FROM LOCAL INSTITUTIONS 9

1.13 SAFEKEEPING AND COLLATERALIZATION 9

1.14 ADMINISTRATION 10

SECTION 2 - INTERNAL CONTROLS 11

2.1 GENERAL 12

2.2 PROCEDURES 13

2.3 TREASURY FUNCTION RESPONSIBILITIES 14

SECTION 3 - SAMPLE INVESTMENT FORMS 15

SECTION 4 - GLOSSARY 20

Section

1

INVESTMENT POLICIES

1.1 INTRODUCTION

The purpose of this policy is to state the City's policies and procedures to be used for the investment of surplus funds in a prudent and systematic manner conforming to all state and local statutes governing the investment of public funds. Safety of principal is given the highest priority. In addition, this statement is intended to formalize investment-related activities to provide the highest investment return with maximum security while meeting daily cash flow demands.

1.2 SCOPE

The investment policy applies to all funds under the direct authority of the Deputy City Manager/City Treasurer of the City of Lodi, including but not limited to the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Trust and Agency Funds. All funds are accounted for in the City's Comprehensive Annual Financial Report. Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements and to the extent that they are permissible investments of funds of the City. Proceeds of bonds will be invested in accordance with the ordinance, resolution, indenture or other agreement governing the issuance of the bonds.

1.3 OBJECTIVES

Funds of the City will be invested with the following objectives in priority order:

Safety:

Safety of principal is the foremost objective of the investment program. Investments of the City of Lodi shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The City of Lodi will diversify its investments by security type and institution. Financial institutions and broker/dealers will be prequalified and monitored as well as investment instruments they propose.

Liquidity:

The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This will be accomplished through maturity diversification in accordance with California Government Code 53635 and the State Local Agency Investment Fund with immediate withdrawal provision.

Return on Investments:

The City's investment portfolio shall be invested to achieve a "bench marked average" rate of return through economic cycles, that will protect these funds from the effects of inflation and the risks associated with higher returns, as long as it does not diminish the objectives of Safety and Liquidity, while preserving and protecting capital in the overall portfolio.

The "bench marked average" rate of return targeted to achieve this objective is the annual rate of return on the one-year U.S. Treasury Bill. Whenever possible and in a manner consistent with the objectives of safety of principal and liquidity, a yield higher than the "bench marked average" rate of return shall be sought.

1.4 DELEGATION OF AUTHORITY

The Treasurer is designated by the authority of the legislative body as the investment officer of the City as provided for in Government Code Section 53607 and is responsible for the investment decisions and activities of the City. The Treasurer will develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

The Treasurer shall hereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transactions to the legislative body. In order to optimize total return through active portfolio management, daily activity may be delegated to the Supervising Budget Analyst.

1.5 PRUDENCE

The standard of prudence to be applied by the Treasurer will be the "prudent investor" standard, in accordance with Government Code Section 53600.3 which states "…all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

1.6 ETHICS AND CONFLICTS OF INTEREST

The City Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests as well as Government Code Section 87103. The City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions.

1.7 MONITORING AND ADJUSTING THE PORTFOLIO

The Treasurer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

1.8 INTERNAL CONTROL

The Treasurer will establish a system of written internal controls, which will be reviewed annually by the City's independent audit firm. The controls will be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

1.9 REPORTING

The Treasurer will submit a quarterly investment report to the City Council, in accordance with Government Code Section 53646, to disclose the following information:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Percentage of the portfolio represented by each investment category.
- Institution.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value or cost of the security
- Current market value of securities with maturity in excess of 12 months and the source of this valuation.
- Ability of the city to meet its expenditure requirements for the next six months or provide an explanation of why sufficient funds will not be available as required by Gov. Code 53646 (b)(3).

The quarterly investment report to the Lodi City Council, acting legislative authority, as endorsed by Government Code Section 53646, will be in addition to the Treasurer's monthly report and accounting of all receipts, disbursements and fund balances.
In addition, the investment policy will be submitted to the City Council as changes are needed. Any changes will be noted and formal adoption in the form of a resolution of the City Council is required.

1.10 AUTHORIZED INVESTMENTS

The City will invest surplus funds not required to finance the immediate needs of the City as provided in California Government Code Sections 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53638 and 53684. In selecting authorized investments consideration must be given to credit ratings and collateralization of applicable instruments. A list of these instruments is provided below. These limitations, diversification and maturity scheduling will depend upon whether the funds being invested are considered short-term or long-term funds. All funds will be considered short-term except those reserved for capital projects and special assessment prepayments being held for debt retirement.

Pooled Accounts:

The City of Lodi is authorized by policy, to invest in the Local Agency Investment Fund (LAIF), a voluntary program created by statute, which began in 1977 as an investment alternative for California's local governments and special districts and continues today under the State Treasurer's Administration. The enabling legislation of the LAIF is Section 16429.1,2,3 of the California Government Code.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1953 and has oversight provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and market valuation is conducted monthly.

It has been determined that the State of California cannot declare bankruptcy under Federal regulations, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "money placed with the state treasurer for deposit in the LAIF shall not be subject to either: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

The LAIF provides a book entitled "The Local Agency Investment Fund Answer Book" which resides in the City of Lodi Treasurer's office and provides current answers to the following questions, which are required prior to investing in any pooled/fund account.

- A description of eligible investment securities and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.

- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listing.
- A fee schedule and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

The City of Lodi is authorized by policy to invest in shares issued by the Investment Trust of California (CalTRUST), a joint powers authority created under the authority of California Government Code Section 6509.7, as an investment alternative for California's local governments and special districts. CalTRUST began in 2005 and has oversight provided by a Board of Trustees, consisting of experienced local treasurers and finance directors.

All securities purchased by CalTRUST are securities which are eligible for direct local agency investment under the authority of California Government Code Section 53601. All securities are purchased at market value, and market valuation of all securities in the CalTRUST portfolios is conducted on a daily basis. The CalTRUST program offers three account options: the CalTRUST Heritage Money Market option, which provides same-day liquidity (access to funds); the CalTRUST Short-Term Fund, which offers next-day liquidity; and the CalTRUST Medium-Term Fund, which provides monthly liquidity.

Short-Term Portfolio Diversification:

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment will be made in any security which at the time of the investment has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as part of an investment program and approved by the City Council no less than three months prior to the investment.

Permitted Investments	Maturity	Portfolio
U.S. Treasury Obligations (Bills, notes and bonds)	5 years	100%
US Government Agency Securities and Instrumentalities	5 years	100%
Bankers Acceptances	180 days	40%
Certificates of Deposit	5 years	100%
Negotiable Certificates of Deposit	5 years	30%
Commercial Paper	270 days	40%
California State Local Agency Investment Fund	Indefinite	100%
Passbook Deposits	Indefinite	100%
Repurchase Agreements	Not Authorized	N/A
Reverse Repurchase Agreements	Not Authorized	N/A
Mutual Funds	Indefinite	20%
Medium Term Notes	5 years	30%
CalTRUST Pooled Accounts	Indefinite	100%
Certificate of Deposit Account Registry Service (CDARS)	Indefinite	30%
Supranational Obligations	5 years	30%

The City Treasurer will not invest in Repurchase Agreements and Reverse Repurchase agreements. Pooled funds invested for the City by entities such as California State Local Agency Investment Fund, and NCPA may invest in repurchase and reverse repurchase agreements. If repurchase agreements are legal and authorized, by policy, a Master Repurchase Agreement must be signed with the bank or dealer.

Diversification by Financial Institution:

- Bankers' Acceptances (Bas)
  - No more than 25% of the total portfolio with any one institution.
- Certificates of Deposit (CDs)
  - Limits as specified in Section 1.12 and 1.13, but n~~N~~o more than 33% of the total portfolio with any one institution.
- California State Local Agency Investment Fund
  - No more than $50 million in any one account, effective November 16, 2009.

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Maturity Scheduling:

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (taxes, franchise fees). Maturities in this category will be timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	75% minimum
Under 18 months	90% minimum
Under 2 years	95% minimum
Under 5 years	100% minimum

Long-Term Portfolio Diversification:

Investments and diversification for the long-term portfolio will be the same as the short-term portfolio. Maturity scheduling will be timed according to anticipated need. For example, investment of capital project funds will be timed to meet contractor payments, usually for a term not to exceed three years. Investment of prepaid assessment funds will be tied to bond payment dates, after cash flow projections are made using a forecasting model which considers prepayment rate, delinquency rate, interest on bonds and income on investments.

1.11 BANKS AND SECURITY DEALERS

The Treasurer will consider the credit worthiness of institutions in selecting financial institutions for the deposit or investment of City funds. These institutions will be monitored to ensure their continued stability and credit worthiness.

Investment transactions will only be made with pre-approved financial institutions. Banks will provide their most recent Consolidated Report of Condition ("call report") at the request of the Treasurer.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security brokers/dealers selected for credit worthiness, who maintain an office in the State of California. This includes primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1.

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

- Audited financial statements
- Proof of Financial Industry Regulatory Authority registration.
- Trading Resolution
- Proof of State Registration
- Completed broker/dealer questionnaire
- Certification of having read the City of Lodi's investment policy and depository contracts.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer. The City will not normally use more than three qualified dealer/brokers to obtain bids.

1.12 PURCHASE OF CDs FROM LOCAL INSTITUATIONS

To the extent reasonable and within the limits specified above, the Treasurer may purchase a Certificate of Deposit, up to the amount fully insured by the Federal Deposit Insurance Corporation (FDIC), from each bank and savings and loan institution located within the corporate limits of the City to promote economic development and as a statement of support for those institutions maintaining an office in Lodi. These investments are limited to those institutions which offer Certificates of Deposit insured by the Federal Deposit Insurance Act and have a Community Reinvestment Act Rating of satisfactory or above.

To aid in the diversification of the portfolio, additional Certificates of Deposit in amounts up to fully insured FDIC limits, may be purchased from local institutions provided the investment has the safety, liquidity and a rate of return comparable to that offered from LAIF at the time the original investment is made.

Additional Certificates of Deposit may be purchased from a single institution so long as the amounts are fully collateralized as described in Section 1.13.

1.13 SAFEKEEPING AND COLLATERILIZATION

All investment securities purchased by the City will be held in third-party safekeeping by an institution designated as primary agent. The custodian will hold these securities in a manner that establishes the City's right of ownership. The primary agent will issue a safekeeping receipt to the City listing the specific instruments, rate, maturity and other pertinent information. Deposit type securities (i.e., certificates of deposit) will be collateralized.

Collateral for time deposits in savings and loans will be held by the Federal Home Loan Bank or an approved Agent of Depository. If collateral is government securities, 110% of market value to the face amount of the deposit is required. Promissory notes secured by first mortgages and first trust deeds used as collateral require 150% of market value to the face amount of the deposit. An irrevocable letter of credit issued by the Federal Home Loan Bank of San Francisco requires 105% of market value to the face amount of the public deposit.

The collateral for time deposits in banks should be held in the City's name in the bank's Trust Department, or alternately, in the Federal Reserve Bank. The City may waive collateral requirements for deposits which are fully insured up to limits prescribed by the FDIC.

The amount of securities placed with an agent of depository will at all times be maintained in accordance with California Government Code 53652.

1.14 ADMINISTRATION

The following administrative policies will be strictly observed:

Payment:

All transactions will be executed on a delivery versus payment basis which should be done by the City's safekeeping agent.

Bid:

A competitive bid process in which three competitive bids are obtained, when practical, will be used to place all investment purchases. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.

Wire Transfers:

All wire transfers will be approved by the Treasurer or Supervising Budget Analyst. The City's bank will verify each transaction with a predetermined City employee other than the individual sending the wire transfer.

Pre-formatted wire transfers will be used to restrict the transfer of funds with preauthorized accounts only.

Confirmations:

Receipts for confirmation of a purchase of authorized securities should include the following information: trade date; par value; maturity; rate; price; yield; settlement date; description of securities purchased; net amount due; third-party custodial information. Confirmations of all investment transactions are to be received by the Treasurer within three business days.

Pooled Cash:

The City will consolidate into one bank account and invest on a pooled concept basis. Interest earnings will be allocated monthly based on current cash balances.

Bond Proceeds:

The City will comply with applicable federal tax law and regulations in connection with the investment of bond proceeds.

Section

2

INTERNAL CONTROLS

2.1 GENERAL

Through this system of internal control, the City is adopting procedures and establishing safeguards to prevent or limit the loss of funds invested or held for investment due to errors, losses, misjudgments and improper acts. Internal control procedures are not intended to address every possible situation but are intended to provide a reasonable and prudent level of protection for the City's funds.

Objectives:

These procedures and policies are established to ensure:

- the orderly and efficient conduct of investment practices, including adherence to investment policies
- the safeguarding of surplus cash
- the prevention or detection of errors and fraud
- the accuracy and completeness of investment records
- the timely preparation of reliable investment reports

General Control Policies:

The following policies are to be used to safeguard investments:

- **Organization**
  A description of responsibilities and procedures for the investment of City funds, lines of authority and reporting requirement will be maintained.

- **Personnel**
  Only qualified and assigned personnel will be authorized to approve investment transactions; make and liquidate investments; maintain investment records; and maintain custody of negotiable instruments. Personnel assigned responsibility for the investment of City surplus funds will maintain their professional qualifications by continued education and membership in professional associations.

- **Segregation of functions**
  No one having general ledger functions will have responsibility for the investment of City funds.

- **Safekeeping**
  All securities are to be held in the name of the City of Lodi. The City will contract with a third party, usually a bank, to provide custodial services and securities safekeeping. Although a cost is involved, the risk of losing physical securities outweighs the fees involved. Preference should be given to custodial services which include reporting

services as part of their service, including marking the portfolio to market value, performance evaluation and internal reporting

- **Reconciliation of records**
  Regular and timely reconciliation will be made of detailed securities records with the general ledger control account.

- **Performance evaluation**
  Performance statistics will be maintained and reported monthly as provided in the Investment Policies. The indices to be used are the rate of return for the one-year U.S. Treasury Bill and the annual rate of return for the Local Agency Investment Fund (LAIF) managed by the State Treasurer's Office.

2.2 PROCEDURES

Assigned Responsibilities:

a. City Council responsibilities:
- Adoption of City's investment policies by Resolution
- Review and evaluation of investment performance.

b. Deputy City Manager/Treasurer duties and responsibilities:
- Formulating, recommending and implementing the City's investment policies
- Approves all investment transactions prior to execution of any transaction
- Approves broker/dealer arrangements.

c. Supervising Budget Analyst duties and responsibilities:
- Recommends broker/dealer arrangements
- Recommends investments
- Executes investment transactions
- Maintains records of all investment transactions
- Prepares ~~monthly~~ quarterly investment report for City Council review
- Prepare fiscal year end investment reports for City's independent audit firm review
- Review's financial condition of the City's depositories (banks) at least annually for compliance with collateralization requirements under government code and financial condition and reports results to City Treasurer.

d. Financial Services Manager duties and responsibilities:
- Maintains general ledger control account and duplicate records of investment transactions
- Verifies investment records and reconciles detailed securities records with general ledger control accounts.

e. City's independent audit firm:
   - Will review the City's investment policies and procedures and make appropriate recommendations and findings as to compliance and steps to be taken to improve internal controls.

2.3 TREASURY FUNCTION RESPONSIBILITIES

FUNCTION	RESPONSIBILITIES
1. Recommendations:	
• Recommends broker/dealer arrangements	Supervising Budget Analyst
• Recommends investments	Supervising Budget Analyst
2. Authorization of Investment Transactions	
• Formal investment policy prepared by	Deputy City Manager/Treasurer
• Formal investment policy approved by	City Council
• Investment transactions approved by	Deputy City Manager/Treasurer
• Broker/deal arrangements approved by	Deputy City Manager/Treasurer
3. Execution of Investment Transactions	Supervising Budget Analyst
4. Recording of Investment Transactions	
• Recording of transactions in Treasurer's records	Supervising Budget Analyst
• Recording of transactions in Accounting records	Financial Services Manager
5. Safeguarding of assets and records	
• Maintenance of Treasurer's records	Supervising Budget Analyst
• Reconciliation of Treasurer's records to accounting records	Financial Services Manager
• Review of (a) financial institution's financial condition, (b) safety, liquidity, and potential yields of investment instruments, and (c) reputation and financial condition of investment brokers	Supervising Budget Analyst
• Periodic reviews of collateral	Supervising Budget Analyst
• Review and evaluation of performance	City Council
6. Preparation of reports	Supervising Budget Analyst
7. Periodic review of investment portfolio for conformance to City's investment policy	City's Audit Firm

Section

3

SAMPLE INVESTMENT FORMS

CITY OF LODI
INVESTMENT BID SHEET

Date: _____

Cycle to:
Supervising Management Analyst _____
Fin. Services Manager _____

	Transaction #1		Transaction #2		Transaction #3	
	Invest	Withdraw	Invest	Withdraw	Invest	Sell
Recommended Selection						
Primary Dealer						
Quotes						
Firm						
Dealer						
Telephone #						
Security Type						
Price						
Maturity Date						
1st Call Date						
Yield to Maturity						
Purchase Price						
Cusip #						
Principal						
Discount						
Accrued Interest						
Interest Rate						
Interest Period						
Risk Category						
Trade Date						
Settlement Date						
Calculation						
Invstmnt.—Fund #						
Investment Fund #						
Issuer Code						
Cert.Acct. #						
Term of Days						

***
ME (Month end in advance)
AE (Month end in arrears)
M (Monthly in advance)
AM (Monthly in arrears)
QE (Quarter end)
S (Semi-annual Actual)
SC (Semi-Annual Equal)
MA (Maturity)
MD (Maturity Discount)
LAIF BALANCE

Approval:
Supervising Management Analyst: _____

Fin. Svcs. Manager: _____

Approval Date: _____

Transaction Date: _____

Comments: _____
_____

Conf #: _____

BROKER/DEALER QUESTIONNAIRE
CITY OF LODI TREASURER'S OFFICE
P. O. Box 3006
Lodi, California 95241

1. Name:_____

2. Branch Address:_____

3. Telephone No.: _____

4. Primary Account Representative:_____
   Name:_____
   Title:_____
   Telephone No.: _____

5. Is your firm a primary dealer in US Government Securities? Y/N _____

6. Identify the personnel who will be trading with or quoting securities to our agencies employees:
   Name Title Telephone No.
   _____

7. National Headquarters Address:
   Corporate Contract: _____
   Telephone No.: _____
   Compliance Officer (Name, Address, Telephone):
   _____

8. What was your firm's total volume in US Government and Agency securities trading last calendar year?

9. Which securities are offered by your firm?
   ( ) US Treasury
   ( ) US Treasury Notes
   ( ) US Treasury Bonds
   ( ) Agencies (specify)
   ( ) Negotiable CD's
   ( ) Commercial Paper
   ( ) BAs Domestic
   ( ) BAs Foreign
   ( ) Repurchase Agreements
   ( ) Reverse Repurchase Agreements

10. List your personnel who have read the City of Lodi Treasurer's Investment Policy.

11. Please identify your public-sector clients in our geographical area who are most comparable to our government with which you currently do business.

12. Have any of your clients ever sustained a loss on a securities transaction arising from misunderstanding or misrepresentation of the risk characteristics of the instrument? If so, please explain.

13. Have any of your public-sector clients ever reported to your firm, is officers or employees, orally or in writing, that they sustained a loss exceeding 10% of the original purchase price in a single year on any individual security purchased thorough your firm? Explain.

14. Has your firm ever been subject to a regulatory or state/federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of securities? Have any of your employees ever been so investigated? Explain.

15. Has a public sector client ever claimed in writing that your firm or members of your firm were responsible for investment losses?

16. Please include samples of research reports that your firm regularly provides to public-sector clients.

17. Please explain your normal delivery process. Who audits these fiduciary systems?

18. Please provide certified financial statements and other indicators regarding your firm's capitalization.

19. Describe the capital line and trading limits that support/limit the office that would conduct business with our government.

20. What training would you provide to our employees and investment officers?

21. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? As of this date, does your firm comply with the guidelines? Has your capital position every fallen short? By what factor (1.5x, 2x, etc.). Does your firm presently exceed the capital adequacy guidelines, measure of risk? Include certified documentation of your capital adequacy as measured by the Federal Reserve standards.

22. Do you participate in the Securities Investor Protection Corporation (SIPC) insurance program? If not, why?

23. What portfolio information do you require from your clients?

24. What reports, confirmations and paper trail will we receive?

25. Enclose a complete schedule of fees and charges for various transactions.

26. How many and what percentage of your transactions failed last month? Last year?

27. Describe the precautions taken by your firm to protect the interest of the public when dealing with governmental agencies as investors.

28. Is your firm licensed by the State of California as a broker/dealer? Y/N _____

CERTIFICATION ATTACHED

CERTIFICATION

I hereby certify that I have personally read the latest adopted resolution of investment policies and objectives of the City of Lodi Treasurer and the California Government Codes pertaining to the investments of the City of Lodi, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out to transaction conducted between our firm and the City of Lodi. All sales personnel will be routinely informed of the City of Lodi's investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing the City of Lodi of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

SIGNED_____ TITLE_____ DATE_____

COUNTERSIGNED _____ DATE _____
(Person in charge of government securities operations)

NOTE: Completion of Questionnaire is only part of the City of Lodi's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the City of Lodi.

On this _____ day of _____ 20_____ before me the undersigned Notary Public personally appeared
( ) personally known to me
( ) proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) subscribed to the within instrument and acknowledged that _____ executed it.

State of _____

County of _____

WITNESS my hand and official seal.
Notary's Signature

Section

4

GLOSSARY

AGENT: an agent is a firm or individual which executes orders for others or acts on behalf of others (the principal). The agent is subject to the control of the principal and does not have title to the principal's property. The agent may charge a fee or commission for this service.

AGENCIES: federal agency securities and/or Government-sponsored enterprises.

AGREEMENT: an agreement is an arrangement or understanding between individual traders to honor market quotes within predetermined limits on dollar amount and size.

AMORTIZATION: straight-line reduction of debt by means of periodic payments sufficient to meet current interest charges and to pay off the debt at maturity.

ARBITRAGE: a technique used to take advantage of price differences in separate markets. This is accomplished by purchasing securities, negotiable instruments or currencies in one market for immediate sale in another market at a better price.

ASKED: the price at which securities are offered.

AT THE MARKET: a trading term for the buying or selling of securities at the current market price rather than at a predetermined price.

BANKERS ACCEPTANCE (BA): a bearer time draft for a specified amount payable on a specified date. An individual or business seeking to finance domestic or international trade draws it on a bank. Commodity products collateralize the BA. Sale of goods is usually the source of the borrower's repayment to the bank. The bank finances the borrower's transaction and then often sells the BA on a discount basis to an investor. At maturity, the bank is repaid and the investor holding the BA receives par value from the bank.

BASIS PRICE: price expressed in yield-to-maturity or the annual rate of return on the investment.

BEAR MARKET: a period of generally pessimistic attitudes and declining market prices. (Compare: Bull market)

BELOW THE MARKET: a price below the current market price for a particular security.

BID AND ASKED OR BID AND OFFER: the price at which an owner offers to sell (asked or offer) and the price at which a prospective buyer offers to buy (bid). It is often referred to as a quotation or a quote. The difference between the two is called the spread.

BOND: an interest-bearing security issued by a corporation, government, governmental agency or other body, which can be executed through a bank or trust company. A bond is a form of debt with an interest rate, maturity, and face value, and is usually secured by specific assets. Most bonds have a maturity of greater than one year, and generally pay interest semiannually.

BOND ANTICIPATION NOTE (BAN): short-term notes sold by states and municipalities to obtain interim financing for projects which will eventually be financed by the sale of bonds.

BOND DISCOUNT: the difference between a bond's face value and a selling price, when the selling price is lower than the face value.

BOND RATING the classification of a bond's investment quality. (See: Rating).

BOND RESOLUTION: a legal order or contract by a governmental unit to authorize a bond issue. A bond resolution carefully details the rights of the bondholders and the obligation of the issuer.

BOOK VALUE: the amount at which a security is carried on the books of the holder or issuer. The book value is often the cost, plus or minus amortization, and may differ significantly from the market value.

BROKER: a middleman who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

BULL MARKET: a period of generally optimistic attitudes and increasing market prices. (Compare: Bear Market).

BUYERS MARKET: a market where supply is greater than demand, giving buyers an advantage in purchase price and terms.

CALL: an option to buy a specific asset at a certain price within a particular period.

CALLABLE: a feature which states a bond or preferred stock may be redeemed by the issuer prior to maturity under terms designated prior to issuance.

CALL DATE: the date on which a bond may be redeemed before maturity at the option of the issuer.

CALLED BONDS: bonds redeemed before maturity.

CALL PREMIUM: the excess paid for a bond or security over its face value.

CALL PRICE: the price paid for a security when it is called. The call price is equal to the face value of the security, plus the call premium.

CALL PROVISION: the call provision describes the details by which a bond may be redeemed by the issuer, in whole or in part, prior to maturity. A Security with such a provision will usually have a higher interest rate than comparable, but noncallable securities.

CAPITAL GAIN OR LOSS: the amount that is made or lost, depending upon the difference between the sale price and the purchase price of any capital asset or security.

CAPITAL MARKET: the market in which buyers and sellers, including institutions, banks, governments, corporations and individuals, trade debt and equity securities.

CASH SALE: a transaction calling for the delivery and payment of the securities on the same day that the transaction takes place.

CERTIFICATE OF DEPOSIT (CD): debt instrument issued by a bank that usually pays interest. Institutional CD's are issued in denominations of $100,000 or more. Maturities range from a few weeks to several years. Competitive forces in the marketplace set interest rates.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICE (CDARS): deposits made with a "selected" depository institution, in accordance with California Government Code Section 53601.8, that uses a private entity to assist in the placement of certificates of deposit. Such deposits shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. The selected depository institution shall serve as custodian for each certificate of deposit that is issued with placement service for the City of Lodi's account.

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

COLLATERAL NOTE: a promissory note, which specifically mentions the collateral, pledged by the borrower for the repayment of an obligation.

COMMERCIAL PAPER: short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing.

COMMISSION: the brokers or agent's fee for purchasing or selling securities for a client.

COUPON: the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

COVENANT: a pledge in the bond resolution or indenture of the issuing government to perform in a way that may benefit the bondholders, or to refrain from doing something that might be disadvantageous to them.

COVER: the spread between the winning bid (or offer) and the next highest bid (or the next lowest offer). It is useful as a basis for evaluation of the bids.

COVERAGE RATIO: the ratio of income available to pay a specific obligation versus the total amount obligated. This is a measure of financial stability.

CREDIT ANALYSIS: a critical review and appraisal of the economic and financial condition of a government agency or corporation. The credit analysis evaluates the issuing entity's ability to meet its debt obligations, and the suitability of such obligations for underwriting or investment.

CURRENT MATURITY: amount of time left to the maturity of an obligation.

DEBENTURE: a bond secured by the general credit of the issuer rather than being backed by a specific lien on property as in mortgage bonds.

DEBT COVERAGE: this term is normally used in connection with revenue and corporate bonds. It indicates the margin of safety for payment of debt, reflecting the number of times by which earnings for a certain period of time exceed debt payable during the same period.

DEBT LIMIT (OR CEILING): the maximum amount of debt that can legally be acquired under the debt-incurring power of a state or municipality.

DEBT SERVICE: interest and principal obligation on an outstanding debt. This is usually for a one-year period.

DEFAULT: failure to pay principal or interest promptly when due.

DELIVERY VERSUS PAYMENT: securities industry procedure, common with institutional accounts, whereby delivery of securities sold is made to the buying customer's bank in exchange for payment, usually in the form of cash. (Institutions are required by law to require "assets of equal value" in exchange for delivery.) Also called Cash on Delivery.

DERIVATIVE: contracts written between a City and a counter party such as a bank, insurance company or brokerage firms. Their value is derived from the value of some underlying assets such as Treasury Bonds or a market index such as LIBOR. Derivatives are used to create financial instruments to meet special market needs. Two contrasting reasons for the use of derivatives are: 1) to limit risk or transfer it to those willing to bear it; and, 2) to speculate about future interest rates and leverage in hope of increasing returns.

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

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

DUE DILIGENCE: exercising of due professional care in the performance of duties.

FACE VALUE: the principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

FANNIE MAE: trade name for the Federal National Mortgage Association.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): federal agency established in 1933 that guarantees (within limits) funds on deposit in member banks and performs other functions such as making loans to or buying assets from members banks to facilitate mergers or prevent failures.

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

FEDERAL HOME LOAN BANKS (FHLB): government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

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

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

FEDERAL RESERVE SYSTEM: the central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FIDUCIARY: an individual or group, such as a bank or trust company, which acts for the benefit of another party or to which certain property is given to hold in trust, according the trust agreement.

FISCAL YEAR: an accounting or tax period comprising any twelve-month period. The City's fiscal year starts July 1.

FREDDIE MAC: trade name for the Federal Home Loan Mortgage Corporation.

FULL FAITH AND CREDIT: the unconditional guarantee of the United States government backing a debt for repayment.

GENERAL OBLIGATION BONDS (GO's): bonds secured by the pledge of the municipal issuer's full faith and credit, usually including unlimited taxing power.

GINNIE MAE: trade name for the Government National Mortgage Association.

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

HOLDER: the person or entity which is in possession of a negotiable instrument.

INDEBTEDNESS: the obligation assumed by a borrower, guarantor, endorser, etc. to repay funds which have been or will be paid out on the borrower’s behalf.

INDENTURE: a written agreement used in connection with a security issue. The document sets the maturity date, interest rate, security and other terms for both the issue holder, issuer and, when appropriate, the trustee.

INTEREST RATE: the interest payable each year on borrowed funds expressed as a percentage of the principal.

INVESTMENT: use of capital to create more money, either through income-producing vehicles or through more risk-oriented ventures designed to result in capital gains.

INVESTMENT PORTFOLIO: a collection of securities held by a bank, individual, institution, or government agency for investment purposes.

IRREVOCABLE LETTER OF CREDIT: instrument or document issued by a bank guaranteeing the payment of a customer’s drafts up to a stated amount for a specified period. It substitutes the bank’s credit for the buyer’s and eliminates the seller’s risk. This arrangement cannot be changed or terminated by the one who created it without the agreement of the beneficiary.

ISSUE PRICE: the price at which a new issue of securities is put on the market.

ISSUER: any corporation or governmental unit, which borrows money through the sale of securities.

JOINT AND SEVERAL OBLIGATION: a guarantee to the holder in which the liability for a bond or note issue may be enforced against all parties jointly or any one of them individually so that one, several or all may be held responsible for its payment.

LAIF: trade name for California State Local Agency Investment Fund.

LEGAL INVESTMENT: a list of securities in which certain institutions and fiduciaries may invest as determined by regulatory agencies.

LEGAL OPINION: an opinion concerning the legality of a bond issue, usually written by a recognized law firm specializing in the approval of public borrowings.

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

MARKETABILITY: the measure of ease with which a security can be sold in the secondary market.

MARKET ORDER: an order to buy or sell securities at the prevailing bid or ask price on the market.

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

MARKET VS. QUOTE: quote designates the current bid and ask on a security, as opposed to the price at which the last security order was sold.

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

MATURITY: the date that the principal or stated value of debt instrument becomes due and payable. It is also used as the length of time between the issue date and the due date.

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

MORTGAGE BOND: a bond secured by a mortgage on property. The value of the property used as collateral usually exceeds that of the mortgage bond issued against it.

NEGOTIABLE: a term used to designate a security, the title to which is transferable by delivery. Also used to refer to the ability to exchange securities for cash or near-cash instruments.

NO PAR VALUE: a security issued with no face or par value.

NON-NEGOTIABLE: a security whose title or ownership is not transferable through a simple delivery or endorsement. (See: Negotiable.)

OBLIGATION: a responsibility for paying back a debt.

OFFER: the price of a security at which a person is willing to sell.

OFFERING: placing securities for sale to buyers. The offering usually states the price and terms.

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

PAR VALUE: the stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PAYING AGENT: the agency, usually a commercial bank, which dispenses the principal and interest payable on a maturing issue.

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

PREMIUM: the amount by which the price paid for a security exceeds the par value. Also, the amount that must be paid over the par value to call an issue before maturity.

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

PRINCIPAL: the face or par value of an instrument. It does not include accrued interest.

PRUDENT INVESTOR RULE: an investment standard adopted by the State of California in 1995. It states that a trustee shall consider the entire investment portfolio when determining the prudence of an individual investment; diversification is explicitly required within a portfolio; suitability of an investment is a primary determinant; and delegation of investment management is acceptable.

PRUDENT MAN RULE: an investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUOTATION (QUOTE): the highest bid to buy or the lowest offer to sell a security in any market at a particular time.

RATE OF RETURN: 1) the yield which attainable on a security based on its purchase price or its current market price. 2) This may be the amortized yield to maturity on a bond the current income returns.

RATING: the designation used by investors' services to rate the quality of a security's creditworthiness. Moody's ratings range ~~form~~ from the highest Aaa, down through Aa, A, Baa, Ba, B, etc., while Standard and Poor's ratings range from the highest AAA, down through AA, A, BBB, BB, B, etc.

REFINANCING: rolling over the principal on securities that have reached maturity or replacing them with the sale of new issues. The object may be to save interest costs or to extend the maturity of the loan.

REGISTERED BOND: a bond whose principal and/or interest is payable only to that person or organization which is registered with the issuer. This form is not negotiable and it can be transferred only when endorsed by the registered owner.

REPURCHASE AGREEMENT (REPO): agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and, usually, at a stated time. The attraction of repos is the flexibility of maturities that makes them an ideal place to "park" funds on a very temporary basis. Dealers also arrange reverse repurchase agreements, whereby they agree to buy the securities and the investor agrees to repurchase them at a later date.

REVENUE ANTICIPATION NOTES (RAN): short-term notes sold in anticipation of receiving future revenues. The notes are to be paid from the proceeds of those revenues.

REVENUE BOND: a state or local bond secured by revenues derived from the operations of specific public enterprises, such as utilities. Such bonds are not generally backed by the taxation power of the issuer unless otherwise specified in the bond indenture.

SAFEKEEPING: a service banks offer to customers for a fee, where securities are held in the bank's vaults for protection.

SECURED DEPOSIT: bank deposits of state or local government funds which, under the laws of certain jurisdictions, must be secured by the pledge of acceptable securities.

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

SECURED DEPOSIT: bank deposits of state or local government funds which, under the laws of certain jurisdictions, must be secured by the pledge of acceptable securities.

SECURITIES: investment instruments such as bonds, stocks and other instruments of indebtedness or equity.

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

SERIAL BOND: bonds of the same issue, which have different maturities, coming due over a number of years rather than all at once. This allows the issuer to retire the issue in small amounts over a long period of time.

SETTLEMENT DATE: date by which an executed order must be settled, either by buyer paying for the securities with cash or by a seller delivering the securities and receiving the proceeds of the sale for them.

SINKING FUND: a reserve fund set aside over a period of time for the purpose of liquidating or retiring an obligation, such as a bond issue, at maturity.

SPECIAL ASSESSMENT BONDS: bonds that are paid back from taxes on the property that is benefiting from the improvement being financed. The issuing governmental entity agrees to make the assessments and earmark the tax proceeds to repay the debt on these bonds.

SPREAD: the difference between two figures or percentages. For example, it may be the difference between the bid and asked prices of a quote, or between the amount paid when bought and the amount received when sold.

SUPRANATIONAL OBLIGATIONS: United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development; International Finance Corporation, or Inter-American Development Bank.

TAX ANTICIPATION NOTES (TAN): short-term notes issued by states or municipalities to finance current operations in anticipation of future tax collections which would be used to repay the debt.

TAX-EXEMPT BONDS: interest paid on municipal bonds issued by state and local governments or agencies is usually exempt from federal taxes, and in some cases, the state and/or local taxes. The interest rate paid on these bonds is generally lower than rates on non-exempt securities.

TERMS: the conditions of the sale or purchase of a security.

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

TREASURY BONDS AND NOTES: obligations of the U. S. government which bear interest. Notes have maturities of one to seven years, while bonds have longer maturities.

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

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

TRUSTEE: a bank designated as the custodian of funds and the official representative for bondholders.

UNDERWRITER: a dealer bank or other financial institution, which arranges for the sale and distribution of a large batch of securities and assumes the responsibility for paying the net purchase price.

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

YIELD: the annual rate of return on an investment, expressed as a percentage of the investment.

YIELD CURVE: graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest available. The resulting curve shows if short-term interest rates are higher or lower than long-term rates. For the most part, the yield curve is positive (short-term rates are lower), since investors who are willing to tie up their money for a longer period of time usually are compensated for the extra risk they are taking by receiving a higher yield.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY
COUNCIL ADOPTING THE CITY OF LODI
INVESTMENT POLICY AND INTERNAL
CONTROL GUIDELINES

==========

WHEREAS, California Government Code Section 53646 endorses an annual review of a local agencies' investment policy by the local legislative body; and

WHEREAS, the City of Lodi Investment Policy requires that the Investment Policy be periodically reviewed and adopted by resolution; and

WHEREAS, the Policy, on file in the office of the City Clerk, is in compliance with State laws governing the investment of local agency funds and provides internal control guidelines to protect the funds of the City from misappropriation, speculation, and fraud.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi has reviewed and hereby adopts the City of Lodi Investment Policy and Internal Control Guidelines attached hereto marked Exhibit A, which shall be effective this date.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

EXHIBIT A

CITY OF LODI

INVESTMENT POLICY
AND
INTERNAL CONTROL GUIDELINES

TABLE OF CONTENTS

SECTION 1 - INVESTMENT POLICIES 1

1.1 INTRODUCTION 2

1.2 SCOPE 2

1.3 OBJECTIVES 2

1.4 DELEGATION OF AUTHORITY 3

1.5 PRUDENCE 3

1.6 ETHICS AND CONFLICTS OF INTEREST 4

1.7 MONITORING AND ADJUSTING THE PORTFOLIO 4

1.8 INTERNAL CONTROLS 4

1.9 REPORTING 4

1.10 AUTHORIZED INVESTMENTS 5

1.11 BANKS AND SECURITY DEALERS 8

1.12 PURCHASE OF CDs FROM LOCAL INSTITUTIONS 9

1.13 SAFEKEEPING AND COLLATERALIZATION 9

1.14 ADMINISTRATION 10

SECTION 2 - INTERNAL CONTROLS 11

2.1 GENERAL 12

2.2 PROCEDURES 13

2.3 TREASURY FUNCTION RESPONSIBILITIES 14

SECTION 3 - SAMPLE INVESTMENT FORMS 15

SECTION 4 - GLOSSARY 20

Section

1

INVESTMENT POLICIES

1.1 INTRODUCTION

The purpose of this policy is to state the City's policies and procedures to be used for the investment of surplus funds in a prudent and systematic manner conforming to all state and local statutes governing the investment of public funds. Safety of principal is given the highest priority. In addition, this statement is intended to formalize investment-related activities to provide the highest investment return with maximum security while meeting daily cash flow demands.

1.2 SCOPE

The investment policy applies to all funds under the direct authority of the Deputy City Manager/City Treasurer of the City of Lodi, including but not limited to the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds and Trust and Agency Funds. All funds are accounted for in the City's Comprehensive Annual Financial Report. Investments of debt proceeds held by bond trustee are governed by the provisions of the debt agreements and to the extent that they are permissible investments of funds of the City. Proceeds of bonds will be invested in accordance with the ordinance, resolution, indenture or other agreement governing the issuance of the bonds.

1.3 OBJECTIVES

Funds of the City will be invested with the following objectives in priority order:

Safety:

Safety of principal is the foremost objective of the investment program. Investments of the City of Lodi shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The City of Lodi will diversify its investments by security type and institution. Financial institutions and broker/dealers will be prequalified and monitored as well as investment instruments they propose.

Liquidity:

The investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This will be accomplished through maturity diversification in accordance with California Government Code 53635 and the State Local Agency Investment Fund with immediate withdrawal provision.

Return on Investments:

The City's investment portfolio shall be invested to achieve a "bench marked average" rate of return through economic cycles, that will protect these funds from the effects of inflation and the risks associated with higher returns, as long as it does not diminish the objectives of Safety and Liquidity, while preserving and protecting capital in the overall portfolio.

The "bench marked average" rate of return targeted to achieve this objective is the annual rate of return on the one-year U.S. Treasury Bill. Whenever possible and in a manner consistent with the objectives of safety of principal and liquidity, a yield higher than the "bench marked average" rate of return shall be sought.

1.4 DELEGATION OF AUTHORITY

The Treasurer is designated by the authority of the legislative body as the investment officer of the City as provided for in Government Code Section 53607 and is responsible for the investment decisions and activities of the City. The Treasurer will develop and maintain written administrative procedures for the operation of the investment program, consistent with this investment policy.

The Treasurer shall hereafter assume full responsibility for such transactions until such time as the delegation of authority is revoked, and shall make a monthly report of such transactions to the legislative body. In order to optimize total return through active portfolio management, daily activity may be delegated to the Supervising Budget Analyst.

1.5 PRUDENCE

The standard of prudence to be applied by the Treasurer will be the "prudent investor" standard, in accordance with Government Code Section 53600.3 which states "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

1.6 ETHICS AND CONFLICTS OF INTEREST

The City Treasurer is governed by The Political Reform Act of 1974 regarding disclosure of material financial interests as well as Government Code Section 87103. The City Treasurer shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair the ability to make impartial investment decisions.

1.7 MONITORING AND ADJUSTING THE PORTFOLIO

The Treasurer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments, and will adjust the portfolio accordingly.

1.8 INTERNAL CONTROL

The Treasurer will establish a system of written internal controls, which will be reviewed annually by the City's independent audit firm. The controls will be designed to prevent loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

1.9 REPORTING

The Treasurer will submit a quarterly investment report to the City Council, in accordance with Government Code Section 53646, to disclose the following information:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Percentage of the portfolio represented by each investment category.
- Institution.
- Average life and final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value or cost of the security
- Current market value of securities with maturity in excess of 12 months and the source of this valuation.
- Ability of the city to meet its expenditure requirements for the next six months or provide an explanation of why sufficient funds will not be available as required by Gov. Code 53646 (b)(3).

The quarterly investment report to the Lodi City Council, acting legislative authority, as endorsed by Government Code Section 53646, will be in addition to the Treasurer's monthly report and accounting of all receipts, disbursements and fund balances.
In addition, the investment policy will be submitted to the City Council as changes are needed. Any changes will be noted and formal adoption in the form of a resolution of the City Council is required.

1.10 AUTHORIZED INVESTMENTS

The City will invest surplus funds not required to finance the immediate needs of the City as provided in California Government Code Sections 16429.1, 53601, 53601.6, 53601.8, 53635, 53635.2, 53638 and 53684. In selecting authorized investments consideration must be given to credit ratings and collateralization of applicable instruments. A list of these instruments is provided below. These limitations, diversification and maturity scheduling will depend upon whether the funds being invested are considered short-term or long-term funds. All funds will be considered short-term except those reserved for capital projects and special assessment prepayments being held for debt retirement.

Pooled Accounts:

The City of Lodi is authorized by policy, to invest in the Local Agency Investment Fund (LAIF), a voluntary program created by statute, which began in 1977 as an investment alternative for California's local governments and special districts and continues today under the State Treasurer's Administration. The enabling legislation of the LAIF is Section 16429.1,2,3 of the California Government Code.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1953 and has oversight provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and market valuation is conducted monthly.

It has been determined that the State of California cannot declare bankruptcy under Federal regulations, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "money placed with the state treasurer for deposit in the LAIF shall not be subject to either: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

The LAIF provides a book entitled "The Local Agency Investment Fund Answer Book" which resides in the City of Lodi Treasurer's office and provides current answers to the following questions, which are required prior to investing in any pooled/fund account.

- A description of eligible investment securities and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.

- A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listing.
- A fee schedule and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

The City of Lodi is authorized by policy to invest in shares issued by the Investment Trust of California (CalTRUST), a joint powers authority created under the authority of California Government Code Section 6509.7, as an investment alternative for California's local governments and special districts. CalTRUST began in 2005 and has oversight provided by a Board of Trustees, consisting of experienced local treasurers and finance directors.

All securities purchased by CalTRUST are securities which are eligible for direct local agency investment under the authority of California Government Code Section 53601. All securities are purchased at market value, and market valuation of all securities in the CalTRUST portfolios is conducted on a daily basis. The CalTRUST program offers three account options: the CalTRUST Heritage Money Market option, which provides same-day liquidity (access to funds); the CalTRUST Short-Term Fund, which offers next-day liquidity; and the CalTRUST Medium-Term Fund, which provides monthly liquidity.

Short-Term Portfolio Diversification:

The City will diversify use of investment instruments to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities.

Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment will be made in any security which at the time of the investment has a term remaining to maturity in excess of five years, unless the City Council has granted express authority to make that investment either specifically or as part of an investment program and approved by the City Council no less than three months prior to the investment.

Permitted Investments	Maturity	Portfolio
U.S. Treasury Obligations (Bills, notes and bonds)	5 years	100%
US Government Agency Securities and Instrumentalities	5 years	100%
Bankers Acceptances	180 days	40%
Certificates of Deposit	5 years	100%
Negotiable Certificates of Deposit	5 years	30%
Commercial Paper	270 days	40%
California State Local Agency Investment Fund	Indefinite	100%
Passbook Deposits	Indefinite	100%
Repurchase Agreements	Not Authorized	N/A
Reverse Repurchase Agreements	Not Authorized	N/A
Mutual Funds	Indefinite	20%
Medium Term Notes	5 years	30%
CalTRUST Pooled Accounts	Indefinite	100%
Certificate of Deposit Account Registry Service (CDARS)	Indefinite	30%
Supranational Obligations	5 years	30%

The City Treasurer will not invest in Repurchase Agreements and Reverse Repurchase agreements. Pooled funds invested for the City by entities such as California State Local Agency Investment Fund, and NCPA may invest in repurchase and reverse repurchase agreements. If repurchase agreements are legal and authorized, by policy, a Master Repurchase Agreement must be signed with the bank or dealer.

Diversification by Financial Institution:

- Bankers' Acceptances (Bas)
  - No more than 25% of the total portfolio with any one institution.
- Certificates of Deposit (CDs)
  - Limits as specified in Section 1.12 and 1.13, but nNo more than 33% of the total portfolio with any one institution.
- California State Local Agency Investment Fund
  - No more than $50 million in any one account, effective November 16, 2009.

Maturity Scheduling:

Investment maturities for operating funds shall be scheduled to coincide with projected cash flow needs, taking into account large routine expenditures (payroll, bond payments) as well as considering sizable blocks of anticipated revenue (taxes, franchise fees). Maturities in this category will be timed to comply with the following guidelines:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	75% minimum
Under 18 months	90% minimum
Under 2 years	95% minimum
Under 5 years	100% minimum

Long-Term Portfolio Diversification:

Investments and diversification for the long-term portfolio will be the same as the short-term portfolio. Maturity scheduling will be timed according to anticipated need. For example, investment of capital project funds will be timed to meet contractor payments, usually for a term not to exceed three years. Investment of prepaid assessment funds will be tied to bond payment dates, after cash flow projections are made using a forecasting model which considers prepayment rate, delinquency rate, interest on bonds and income on investments.

1.11 BANKS AND SECURITY DEALERS

The Treasurer will consider the credit worthiness of institutions in selecting financial institutions for the deposit or investment of City funds. These institutions will be monitored to ensure their continued stability and credit worthiness.

Investment transactions will only be made with pre-approved financial institutions. Banks will provide their most recent Consolidated Report of Condition ("call report") at the request of the Treasurer.

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security brokers/dealers selected for credit worthiness, who maintain an office in the State of California. This includes primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1.

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

- Audited financial statements
- Proof of Financial Industry Regulatory Authority registration.
- Trading Resolution
- Proof of State Registration
- Completed broker/dealer questionnaire
- Certification of having read the City of Lodi's investment policy and depository contracts.

An annual review of the financial condition and registration of qualified bidders will be conducted by the Treasurer. The City will not normally use more than three qualified dealer/brokers to obtain bids.

1.12 PURCHASE OF CDs FROM LOCAL INSTITUATIONS

To the extent reasonable and within the limits specified above, the Treasurer may purchase a Certificate of Deposit, up to the amount fully insured by the Federal Deposit Insurance Corporation (FDIC), from each bank and savings and loan institution located within the corporate limits of the City to promote economic development and as a statement of support for those institutions maintaining an office in Lodi. These investments are limited to those institutions which offer Certificates of Deposit insured by the Federal Deposit Insurance Act and have a Community Reinvestment Act Rating of satisfactory or above.

To aid in the diversification of the portfolio, additional Certificates of Deposit in amounts up to fully insured FDIC limits, may be purchased from local institutions provided the investment has the safety, liquidity and a rate of return comparable to that offered from LAIF at the time the original investment is made.

Additional Certificates of Deposit may be purchased from a single institution so long as the amounts are fully collateralized as described in Section 1.13.

1.13 SAFEKEEPING AND COLLATERILIZATION

All investment securities purchased by the City will be held in third-party safekeeping by an institution designated as primary agent. The custodian will hold these securities in a manner that establishes the City's right of ownership. The primary agent will issue a safekeeping receipt to the City listing the specific instruments, rate, maturity and other pertinent information. Deposit type securities (i.e., certificates of deposit) will be collateralized.

Collateral for time deposits in savings and loans will be held by the Federal Home Loan Bank or an approved Agent of Depository. If collateral is government securities, 110% of market value to the face amount of the deposit is required. Promissory notes secured by first mortgages and first trust deeds used as collateral require 150% of market value to the face amount of the deposit. An irrevocable letter of credit issued by the Federal Home Loan Bank of San Francisco requires 105% of market value to the face amount of the public deposit.

The collateral for time deposits in banks should be held in the City's name in the bank's Trust Department, or alternately, in the Federal Reserve Bank. The City may waive collateral requirements for deposits which are fully insured up to limits prescribed by the FDIC.

The amount of securities placed with an agent of depository will at all times be maintained in accordance with California Government Code 53652.

1.14 ADMINISTRATION

The following administrative policies will be strictly observed:

Payment:

All transactions will be executed on a delivery versus payment basis which should be done by the City's safekeeping agent.

Bid:

A competitive bid process in which three competitive bids are obtained, when practical, will be used to place all investment purchases. If a specific maturity date is required, either for cash flow purposes or for conformance to maturity guidelines, bids will be requested for instruments which meet the maturity requirement. If no specific maturity is required, a market trend (yield curve) analysis will be conducted to determine which maturities would be most advantageous.

Wire Transfers:

All wire transfers will be approved by the Treasurer or Supervising Budget Analyst. The City's bank will verify each transaction with a predetermined City employee other than the individual sending the wire transfer.

Pre-formatted wire transfers will be used to restrict the transfer of funds with preauthorized accounts only.

Confirmations:

Receipts for confirmation of a purchase of authorized securities should include the following information: trade date; par value; maturity; rate; price; yield; settlement date; description of securities purchased; net amount due; third-party custodial information. Confirmations of all investment transactions are to be received by the Treasurer within three business days.

Pooled Cash:

The City will consolidate into one bank account and invest on a pooled concept basis. Interest earnings will be allocated monthly based on current cash balances.

Bond Proceeds:

The City will comply with applicable federal tax law and regulations in connection with the investment of bond proceeds.

Section

2

INTERNAL CONTROLS

2.1 GENERAL

Through this system of internal control, the City is adopting procedures and establishing safeguards to prevent or limit the loss of funds invested or held for investment due to errors, losses, misjudgments and improper acts. Internal control procedures are not intended to address every possible situation but are intended to provide a reasonable and prudent level of protection for the City's funds.

Objectives:

These procedures and policies are established to ensure:

- the orderly and efficient conduct of investment practices, including adherence to investment policies
- the safeguarding of surplus cash
- the prevention or detection of errors and fraud
- the accuracy and completeness of investment records
- the timely preparation of reliable investment reports

General Control Policies:

The following policies are to be used to safeguard investments:

- **Organization**
  A description of responsibilities and procedures for the investment of City funds, lines of authority and reporting requirement will be maintained.

- **Personnel**
  Only qualified and assigned personnel will be authorized to approve investment transactions; make and liquidate investments; maintain investment records; and maintain custody of negotiable instruments. Personnel assigned responsibility for the investment of City surplus funds will maintain their professional qualifications by continued education and membership in professional associations.

- **Segregation of functions**
  No one having general ledger functions will have responsibility for the investment of City funds.

- **Safekeeping**
  All securities are to be held in the name of the City of Lodi. The City will contract with a third party, usually a bank, to provide custodial services and securities safekeeping. Although a cost is involved, the risk of losing physical securities outweighs the fees involved. Preference should be given to custodial services which include reporting

services as part of their service, including marking the portfolio to market value, performance evaluation and internal reporting

- **Reconciliation of records**
  Regular and timely reconciliation will be made of detailed securities records with the general ledger control account.

- **Performance evaluation**
  Performance statistics will be maintained and reported monthly as provided in the Investment Policies. The indices to be used are the rate of return for the one-year U.S. Treasury Bill and the annual rate of return for the Local Agency Investment Fund (LAIF) managed by the State Treasurer's Office.

2.2 PROCEDURES

Assigned Responsibilities:

a. City Council responsibilities:
   - Adoption of City's investment policies by Resolution
   - Review and evaluation of investment performance.

b. Deputy City Manager/Treasurer duties and responsibilities:
   - Formulating, recommending and implementing the City's investment policies
   - Approves all investment transactions prior to execution of any transaction
   - Approves broker/dealer arrangements.

c. Supervising Budget Analyst duties and responsibilities:
   - Recommends broker/dealer arrangements
   - Recommends investments
   - Executes investment transactions
   - Maintains records of all investment transactions
   - Prepares ~~monthly~~ quarterly investment report for City Council review
   - Prepare fiscal year end investment reports for City's independent audit firm review
   - Review's financial condition of the City's depositories (banks) at least annually for compliance with collateralization requirements under government code and financial condition and reports results to City Treasurer.

d. Financial Services Manager duties and responsibilities:
   - Maintains general ledger control account and duplicate records of investment transactions
   - Verifies investment records and reconciles detailed securities records with general ledger control accounts.

e. City's independent audit firm:
   - Will review the City's investment policies and procedures and make appropriate recommendations and findings as to compliance and steps to be taken to improve internal controls.

2.3 TREASURY FUNCTION RESPONSIBILITIES

FUNCTION	RESPONSIBILITIES
1. Recommendations:	
• Recommends broker/dealer arrangements	Supervising Budget Analyst
• Recommends investments	Supervising Budget Analyst
2. Authorization of Investment Transactions	
• Formal investment policy prepared by	Deputy City Manager/Treasurer
• Formal investment policy approved by	City Council
• Investment transactions approved by	Deputy City Manager/Treasurer
• Broker/deal arrangements approved by	Deputy City Manager/Treasurer
3. Execution of Investment Transactions	Supervising Budget Analyst
4. Recording of Investment Transactions	
• Recording of transactions in Treasurer's records	Supervising Budget Analyst
• Recording of transactions in Accounting records	Financial Services Manager
5. Safeguarding of assets and records	
• Maintenance of Treasurer's records	Supervising Budget Analyst
• Reconciliation of Treasurer's records to accounting records	Financial Services Manager
• Review of (a) financial institution's financial condition, (b) safety, liquidity, and potential yields of investment instruments, and (c) reputation and financial condition of investment brokers	Supervising Budget Analyst
• Periodic reviews of collateral	Supervising Budget Analyst
• Review and evaluation of performance	City Council
6. Preparation of reports	Supervising Budget Analyst
7. Periodic review of investment portfolio for conformance to City's investment policy	City's Audit Firm

Section

3

SAMPLE INVESTMENT FORMS

CITY OF LODI
INVESTMENT BID SHEET

Date: _____

Cycle to:
Supervising Management Analyst _____
Fin. Services Manager _____

	Transaction #1		Transaction #2		Transaction #3	
	Invest	Withdraw	Invest	Withdraw	Invest	Sell
Recommended Selection						
Primary Dealer						
Quotes						
Firm						
Dealer						
Telephone #						
Security Type						
Price						
Maturity Date						
1st Call Date						
Yield to Maturity						
Purchase Price						
Cusip #						
Principal						
Discount						
Accrued Interest						
Interest Rate						
Interest Period						
Risk Category						
Trade Date						
Settlement Date						
Calculation						
Invstmnt.—Fund #						
Investment Fund #						
Issuer Code						
Cert.Acct. #						
Term of Days						

***
ME (Month end in advance)
AE (Month end in arrears)
M (Monthly in advance)
AM (Monthly in arrears)
QE (Quarter end)
S (Semi-annual Actual)
SC (Semi-Annual Equal)
MA (Maturity)
MD (Maturity Discount)
LAIF BALANCE

Approval:
Supervising Management Analyst: _____

Fin. Svcs. Manager: _____

Approval Date: _____

Transaction Date: _____

Comments: _____
_____

Conf #: _____

BROKER/DEALER QUESTIONNAIRE
CITY OF LODI TREASURER'S OFFICE
P. O. Box 3006
Lodi, California 95241

1. Name:_____

2. Branch Address:_____

3. Telephone No.: _____

4. Primary Account Representative:_____
   Name:_____
   Title:_____
   Telephone No.: _____

5. Is your firm a primary dealer in US Government Securities? Y/N _____

6. Identify the personnel who will be trading with or quoting securities to our agencies employees:
   Name Title Telephone No.
   _____

7. National Headquarters Address:
   Corporate Contract: _____
   Telephone No.: _____
   Compliance Officer (Name, Address, Telephone):
   _____

8. What was your firm's total volume in US Government and Agency securities trading last calendar year?

9. Which securities are offered by your firm?
   ( ) US Treasury
   ( ) US Treasury Notes
   ( ) US Treasury Bonds
   ( ) Agencies (specify)
   ( ) Negotiable CD's
   ( ) Commercial Paper
   ( ) BAs Domestic
   ( ) BAs Foreign
   ( ) Repurchase Agreements
   ( ) Reverse Repurchase Agreements

10. List your personnel who have read the City of Lodi Treasurer's Investment Policy.

11. Please identify your public-sector clients in our geographical area who are most comparable to our government with which you currently do business.

12. Have any of your clients ever sustained a loss on a securities transaction arising from misunderstanding or misrepresentation of the risk characteristics of the instrument? If so, please explain.

13. Have any of your public-sector clients ever reported to your firm, is officers or employees, orally or in writing, that they sustained a loss exceeding 10% of the original purchase price in a single year on any individual security purchased thorough your firm? Explain.

14. Has your firm ever been subject to a regulatory or state/federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of securities? Have any of your employees ever been so investigated? Explain.

15. Has a public sector client ever claimed in writing that your firm or members of your firm were responsible for investment losses?

16. Please include samples of research reports that your firm regularly provides to public-sector clients.

17. Please explain your normal delivery process. Who audits these fiduciary systems?

18. Please provide certified financial statements and other indicators regarding your firm's capitalization.

19. Describe the capital line and trading limits that support/limit the office that would conduct business with our government.

20. What training would you provide to our employees and investment officers?

21. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? As of this date, does your firm comply with the guidelines? Has your capital position every fallen short? By what factor (1.5x, 2x, etc.). Does your firm presently exceed the capital adequacy guidelines, measure of risk? Include certified documentation of your capital adequacy as measured by the Federal Reserve standards.

22. Do you participate in the Securities Investor Protection Corporation (SIPC) insurance program? If not, why?

23. What portfolio information do you require from your clients?

24. What reports, confirmations and paper trail will we receive?

25. Enclose a complete schedule of fees and charges for various transactions.

26. How many and what percentage of your transactions failed last month? Last year?

27. Describe the precautions taken by your firm to protect the interest of the public when dealing with governmental agencies as investors.

28. Is your firm licensed by the State of California as a broker/dealer? Y/N _____

CERTIFICATION ATTACHED

CERTIFICATION

I hereby certify that I have personally read the latest adopted resolution of investment policies and objectives of the City of Lodi Treasurer and the California Government Codes pertaining to the investments of the City of Lodi, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out to transaction conducted between our firm and the City of Lodi. All sales personnel will be routinely informed of the City of Lodi's investment objectives, horizon, outlook, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing the City of Lodi of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

SIGNED_____ TITLE_____ DATE_____

COUNTERSIGNED _____ DATE _____
(Person in charge of government securities operations)

NOTE: Completion of Questionnaire is only part of the City of Lodi's Certification process and DOES NOT guarantee that the applicant will be approved to do business with the City of Lodi.

On this _____ day of _____ 20_____ before me the undersigned Notary Public personally appeared
( ) personally known to me
( ) proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) subscribed to the within instrument and acknowledged that _____ executed it.

State of _____

County of _____

WITNESS my hand and official seal.
Notary's Signature

Section

4

GLOSSARY

AGENT: an agent is a firm or individual which executes orders for others or acts on behalf of others (the principal). The agent is subject to the control of the principal and does not have title to the principal's property. The agent may charge a fee or commission for this service.

AGENCIES: federal agency securities and/or Government-sponsored enterprises.

AGREEMENT: an agreement is an arrangement or understanding between individual traders to honor market quotes within predetermined limits on dollar amount and size.

AMORTIZATION: straight-line reduction of debt by means of periodic payments sufficient to meet current interest charges and to pay off the debt at maturity.

ARBITRAGE: a technique used to take advantage of price differences in separate markets. This is accomplished by purchasing securities, negotiable instruments or currencies in one market for immediate sale in another market at a better price.

ASKED: the price at which securities are offered.

AT THE MARKET: a trading term for the buying or selling of securities at the current market price rather than at a predetermined price.

BANKERS ACCEPTANCE (BA): a bearer time draft for a specified amount payable on a specified date. An individual or business seeking to finance domestic or international trade draws it on a bank. Commodity products collateralize the BA. Sale of goods is usually the source of the borrower's repayment to the bank. The bank finances the borrower's transaction and then often sells the BA on a discount basis to an investor. At maturity, the bank is repaid and the investor holding the BA receives par value from the bank.

BASIS PRICE: price expressed in yield-to-maturity or the annual rate of return on the investment.

BEAR MARKET: a period of generally pessimistic attitudes and declining market prices. (Compare: Bull market)

BELOW THE MARKET: a price below the current market price for a particular security.

BID AND ASKED OR BID AND OFFER: the price at which an owner offers to sell (asked or offer) and the price at which a prospective buyer offers to buy (bid). It is often referred to as a quotation or a quote. The difference between the two is called the spread.

BOND: an interest-bearing security issued by a corporation, government, governmental agency or other body, which can be executed through a bank or trust company. A bond is a form of debt with an interest rate, maturity, and face value, and is usually secured by specific assets. Most bonds have a maturity of greater than one year, and generally pay interest semiannually.

BOND ANTICIPATION NOTE (BAN): short-term notes sold by states and municipalities to obtain interim financing for projects which will eventually be financed by the sale of bonds.

BOND DISCOUNT: the difference between a bond's face value and a selling price, when the selling price is lower than the face value.

BOND RATING the classification of a bond's investment quality. (See: Rating).

BOND RESOLUTION: a legal order or contract by a governmental unit to authorize a bond issue. A bond resolution carefully details the rights of the bondholders and the obligation of the issuer.

BOOK VALUE: the amount at which a security is carried on the books of the holder or issuer. The book value is often the cost, plus or minus amortization, and may differ significantly from the market value.

BROKER: a middleman who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

BULL MARKET: a period of generally optimistic attitudes and increasing market prices. (Compare: Bear Market).

BUYERS MARKET: a market where supply is greater than demand, giving buyers an advantage in purchase price and terms.

CALL: an option to buy a specific asset at a certain price within a particular period.

CALLABLE: a feature which states a bond or preferred stock may be redeemed by the issuer prior to maturity under terms designated prior to issuance.

CALL DATE: the date on which a bond may be redeemed before maturity at the option of the issuer.

CALLED BONDS: bonds redeemed before maturity.

CALL PREMIUM: the excess paid for a bond or security over its face value.

CALL PRICE: the price paid for a security when it is called. The call price is equal to the face value of the security, plus the call premium.

CALL PROVISION: the call provision describes the details by which a bond may be redeemed by the issuer, in whole or in part, prior to maturity. A Security with such a provision will usually have a higher interest rate than comparable, but noncallable securities.

CAPITAL GAIN OR LOSS: the amount that is made or lost, depending upon the difference between the sale price and the purchase price of any capital asset or security.

CAPITAL MARKET: the market in which buyers and sellers, including institutions, banks, governments, corporations and individuals, trade debt and equity securities.

CASH SALE: a transaction calling for the delivery and payment of the securities on the same day that the transaction takes place.

CERTIFICATE OF DEPOSIT (CD): debt instrument issued by a bank that usually pays interest. Institutional CD's are issued in denominations of $100,000 or more. Maturities range from a few weeks to several years. Competitive forces in the marketplace set interest rates.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SERVICE (CDARS): deposits made with a "selected" depository institution, in accordance with California Government Code Section 53601.8, that uses a private entity to assist in the placement of certificates of deposit. Such deposits shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. The selected depository institution shall serve as custodian for each certificate of deposit that is issued with placement service for the City of Lodi's account.

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

COLLATERAL NOTE: a promissory note, which specifically mentions the collateral, pledged by the borrower for the repayment of an obligation.

COMMERCIAL PAPER: short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations, and other borrowers to investors with temporarily idle cash. Such instruments are unsecured and usually discounted, although some are interest-bearing.

COMMISSION: the brokers or agent's fee for purchasing or selling securities for a client.

COUPON: the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

COVENANT: a pledge in the bond resolution or indenture of the issuing government to perform in a way that may benefit the bondholders, or to refrain from doing something that might be disadvantageous to them.

COVER: the spread between the winning bid (or offer) and the next highest bid (or the next lowest offer). It is useful as a basis for evaluation of the bids.

COVERAGE RATIO: the ratio of income available to pay a specific obligation versus the total amount obligated. This is a measure of financial stability.

CREDIT ANALYSIS: a critical review and appraisal of the economic and financial condition of a government agency or corporation. The credit analysis evaluates the issuing entity's ability to meet its debt obligations, and the suitability of such obligations for underwriting or investment.

CURRENT MATURITY: amount of time left to the maturity of an obligation.

DEBENTURE: a bond secured by the general credit of the issuer rather than being backed by a specific lien on property as in mortgage bonds.

DEBT COVERAGE: this term is normally used in connection with revenue and corporate bonds. It indicates the margin of safety for payment of debt, reflecting the number of times by which earnings for a certain period of time exceed debt payable during the same period.

DEBT LIMIT (OR CEILING): the maximum amount of debt that can legally be acquired under the debt-incurring power of a state or municipality.

DEBT SERVICE: interest and principal obligation on an outstanding debt. This is usually for a one-year period.

DEFAULT: failure to pay principal or interest promptly when due.

DELIVERY VERSUS PAYMENT: securities industry procedure, common with institutional accounts, whereby delivery of securities sold is made to the buying customer's bank in exchange for payment, usually in the form of cash. (Institutions are required by law to require "assets of equal value" in exchange for delivery.) Also called Cash on Delivery.

DERIVATIVE: contracts written between a City and a counter party such as a bank, insurance company or brokerage firms. Their value is derived from the value of some underlying assets such as Treasury Bonds or a market index such as LIBOR. Derivatives are used to create financial instruments to meet special market needs. Two contrasting reasons for the use of derivatives are: 1) to limit risk or transfer it to those willing to bear it; and, 2) to speculate about future interest rates and leverage in hope of increasing returns.

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

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

DUE DILIGENCE: exercising of due professional care in the performance of duties.

FACE VALUE: the principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

FANNIE MAE: trade name for the Federal National Mortgage Association.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): federal agency established in 1933 that guarantees (within limits) funds on deposit in member banks and performs other functions such as making loans to or buying assets from members banks to facilitate mergers or prevent failures.

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

FEDERAL HOME LOAN BANKS (FHLB): government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

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

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

FEDERAL RESERVE SYSTEM: the central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, D.C., 12 regional banks and about 5,700 commercial banks that are members of the system.

FIDUCIARY: an individual or group, such as a bank or trust company, which acts for the benefit of another party or to which certain property is given to hold in trust, according the trust agreement.

FISCAL YEAR: an accounting or tax period comprising any twelve-month period. The City's fiscal year starts July 1.

FREDDIE MAC: trade name for the Federal Home Loan Mortgage Corporation.

FULL FAITH AND CREDIT: the unconditional guarantee of the United States government backing a debt for repayment.

GENERAL OBLIGATION BONDS (GO's): bonds secured by the pledge of the municipal issuer's full faith and credit, usually including unlimited taxing power.

GINNIE MAE: trade name for the Government National Mortgage Association.

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

HOLDER: the person or entity which is in possession of a negotiable instrument.

INDEBTEDNESS: the obligation assumed by a borrower, guarantor, endorser, etc. to repay funds which have been or will be paid out on the borrower's behalf.

INDENTURE: a written agreement used in connection with a security issue. The document sets the maturity date, interest rate, security and other terms for both the issue holder, issuer and, when appropriate, the trustee.

INTEREST RATE: the interest payable each year on borrowed funds expressed as a percentage of the principal.

INVESTMENT: use of capital to create more money, either through income-producing vehicles or through more risk-oriented ventures designed to result in capital gains.

INVESTMENT PORTFOLIO: a collection of securities held by a bank, individual, institution, or government agency for investment purposes.

IRREVOCABLE LETTER OF CREDIT: instrument or document issued by a bank guaranteeing the payment of a customer's drafts up to a stated amount for a specified period. It substitutes the bank's credit for the buyer's and eliminates the seller's risk. This arrangement cannot be changed or terminated by the one who created it without the agreement of the beneficiary.

ISSUE PRICE: the price at which a new issue of securities is put on the market.

ISSUER: any corporation or governmental unit, which borrows money through the sale of securities.

JOINT AND SEVERAL OBLIGATION: a guarantee to the holder in which the liability for a bond or note issue may be enforced against all parties jointly or any one of them individually so that one, several or all may be held responsible for its payment.

LAIF: trade name for California State Local Agency Investment Fund.

LEGAL INVESTMENT: a list of securities in which certain institutions and fiduciaries may invest as determined by regulatory agencies.

LEGAL OPINION: an opinion concerning the legality of a bond issue, usually written by a recognized law firm specializing in the approval of public borrowings.

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

MARKETABILITY: the measure of ease with which a security can be sold in the secondary market.

MARKET ORDER: an order to buy or sell securities at the prevailing bid or ask price on the market.

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

MARKET VS. QUOTE: quote designates the current bid and ask on a security, as opposed to the price at which the last security order was sold.

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

MATURITY: the date that the principal or stated value of debt instrument becomes due and payable. It is also used as the length of time between the issue date and the due date.

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

MORTGAGE BOND: a bond secured by a mortgage on property. The value of the property used as collateral usually exceeds that of the mortgage bond issued against it.

NEGOTIABLE: a term used to designate a security, the title to which is transferable by delivery. Also used to refer to the ability to exchange securities for cash or near-cash instruments.

NO PAR VALUE: a security issued with no face or par value.

NON-NEGOTIABLE: a security whose title or ownership is not transferable through a simple delivery or endorsement. (See: Negotiable.)

OBLIGATION: a responsibility for paying back a debt.

OFFER: the price of a security at which a person is willing to sell.

OFFERING: placing securities for sale to buyers. The offering usually states the price and terms.

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

PAR VALUE: the stated or face value of a security expressed as a specific dollar amount marked on the face of the security; the amount of money due at maturity. Par value should not be confused with market value.

PAYING AGENT: the agency, usually a commercial bank, which dispenses the principal and interest payable on a maturing issue.

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

PREMIUM: the amount by which the price paid for a security exceeds the par value. Also, the amount that must be paid over the par value to call an issue before maturity.

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

PRINCIPAL: the face or par value of an instrument. It does not include accrued interest.

PRUDENT INVESTOR RULE: an investment standard adopted by the State of California in 1995. It states that a trustee shall consider the entire investment portfolio when determining the prudence of an individual investment; diversification is explicitly required within a portfolio; suitability of an investment is a primary determinant; and delegation of investment management is acceptable.

PRUDENT MAN RULE: an investment standard established in 1630. It states that a trustee who is investing for another should behave in the same way as a prudent individual of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUOTATION (QUOTE): the highest bid to buy or the lowest offer to sell a security in any market at a particular time.

RATE OF RETURN: 1) the yield which attainable on a security based on its purchase price or its current market price. 2) This may be the amortized yield to maturity on a bond the current income returns.

RATING: the designation used by investors' services to rate the quality of a security's creditworthiness. Moody's ratings range ~~form~~ from the highest Aaa, down through Aa, A, Baa, Ba, B, etc., while Standard and Poor's ratings range from the highest AAA, down through AA, A, BBB, BB, B, etc.

REFINANCING: rolling over the principal on securities that have reached maturity or replacing them with the sale of new issues. The object may be to save interest costs or to extend the maturity of the loan.

REGISTERED BOND: a bond whose principal and/or interest is payable only to that person or organization which is registered with the issuer. This form is not negotiable and it can be transferred only when endorsed by the registered owner.

REPURCHASE AGREEMENT (REPO): agreement between a seller and a buyer, usually of U.S. Government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and, usually, at a stated time. The attraction of repos is the flexibility of maturities that makes them an ideal place to "park" funds on a very temporary basis. Dealers also arrange reverse repurchase agreements, whereby they agree to buy the securities and the investor agrees to repurchase them at a later date.

REVENUE ANTICIPATION NOTES (RAN): short-term notes sold in anticipation of receiving future revenues. The notes are to be paid from the proceeds of those revenues.

REVENUE BOND: a state or local bond secured by revenues derived from the operations of specific public enterprises, such as utilities. Such bonds are not generally backed by the taxation power of the issuer unless otherwise specified in the bond indenture.

SAFEKEEPING: a service banks offer to customers for a fee, where securities are held in the bank's vaults for protection.

SECURED DEPOSIT: bank deposits of state or local government funds which, under the laws of certain jurisdictions, must be secured by the pledge of acceptable securities.

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

SECURED DEPOSIT: bank deposits of state or local government funds which, under the laws of certain jurisdictions, must be secured by the pledge of acceptable securities.

SECURITIES: investment instruments such as bonds, stocks and other instruments of indebtedness or equity.

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

SERIAL BOND: bonds of the same issue, which have different maturities, coming due over a number of years rather than all at once. This allows the issuer to retire the issue in small amounts over a long period of time.

SETTLEMENT DATE: date by which an executed order must be settled, either by buyer paying for the securities with cash or by a seller delivering the securities and receiving the proceeds of the sale for them.

SINKING FUND: a reserve fund set aside over a period of time for the purpose of liquidating or retiring an obligation, such as a bond issue, at maturity.

SPECIAL ASSESSMENT BONDS: bonds that are paid back from taxes on the property that is benefiting from the improvement being financed. The issuing governmental entity agrees to make the assessments and earmark the tax proceeds to repay the debt on these bonds.

SPREAD: the difference between two figures or percentages. For example, it may be the difference between the bid and asked prices of a quote, or between the amount paid when bought and the amount received when sold.

SUPRANATIONAL OBLIGATIONS: United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development; International Finance Corporation, or Inter-American Development Bank.

TAX ANTICIPATION NOTES (TAN): short-term notes issued by states or municipalities to finance current operations in anticipation of future tax collections which would be used to repay the debt.

TAX-EXEMPT BONDS: interest paid on municipal bonds issued by state and local governments or agencies is usually exempt from federal taxes, and in some cases, the state and/or local taxes. The interest rate paid on these bonds is generally lower than rates on non-exempt securities.

TERMS: the conditions of the sale or purchase of a security.

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

TREASURY BONDS AND NOTES: obligations of the U. S. government which bear interest. Notes have maturities of one to seven years, while bonds have longer maturities.

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

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

TRUSTEE: a bank designated as the custodian of funds and the official representative for bondholders.

UNDERWRITER: a dealer bank or other financial institution, which arranges for the sale and distribution of a large batch of securities and assumes the responsibility for paying the net purchase price.

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

YIELD: the annual rate of return on an investment, expressed as a percentage of the investment.

YIELD CURVE: graph showing the term structure of interest rates by plotting the yields of all bonds of the same quality with maturities ranging from the shortest to the longest available. The resulting curve shows if short-term interest rates are higher or lower than long-term rates. For the most part, the yield curve is positive (short-term rates are lower), since investors who are willing to tie up their money for a longer period of time usually are compensated for the extra risk they are taking by receiving a higher yield.

AGENDA ITEM **C-16**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Rescinding Resolution No. 4304 and Approving Updated Public Works Tree Policy

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Adopt resolution rescinding Resolution No. 4304 and approving updated Public Works Tree Policy.

BACKGROUND INFORMATION: Operations within the Public Works Department have evolved over the past decades. As a result, several of the existing policies need to be updated, and new policies created, to reflect current conditions within the department.

Public Works Policies and Procedures Manual covers a wide range of services including administration, engineering, storm, streets, sewer, water, transit, and solid waste. The action requested of the City Council is specific to the Streets Division Tree Policy as described below.

Streets Policy No. 4 – Tree Policy (Exhibit A)

This is an existing policy that identifies City and property owner responsibilities related to the maintenance and removal of existing City street trees. The principal change to the policy is the addition of advisory notifications for proposed tree removals associated with a public works project that are located either in the public right-of-way or within property controlled by the City such as City parks. Tree removals associated with normal public works tree maintenance operations are exempt from the notification requirement.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Charles E. Swimley, Jr.
Public Works Director

Prepared by Charles E. Swimley, Jr./Public Works Director
CES/CES/tdb
Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

CITY OF LODI

PUBLIC WORKS DEPARTMENT

POLICIES AND PROCEDURES

STREETS - 4	TREE POLICY	Rev. 10/5/16

I. GENERAL

Trees which are 50 percent or more within the public right-of-way shall be considered City trees. This measurement shall be taken at the trunk at the ground surface.

The City of Lodi is responsible for caring for all City trees within the public right-of-way including trimming, spraying, general maintenance, and performing root surgery where property owner is replacing sidewalk and existing sidewalk is removed by property owner.

Property owners are responsible for any required watering of newly planted trees in parkways.

The City is not responsible for maintenance of non-City trees.

Property owners and City personnel are not allowed to remove or alter any City trees unless one of the criteria listed below is met or special approval is received from the City Council.

II. TREE REMOVAL

A. City Responsibility – The City will remove a City tree at its expense when:

1. Tree is dead;
2. Tree is diseased beyond cure;
3. Tree is hazardous to the public or necessary root surgery would render it hazardous;
4. Tree conflicts with sidewalk to be installed by property owners on parcels where curb and gutter is in place;
5. Tree removal is necessary for a City improvement project; or
6. Tree causes repeated extensive damage to utilities or curb, gutter, and sidewalk.

B. Property Owner Responsibility – With the issuance of encroachment permit by the Public Works Department, a tree within the public right-of-way may be removed under the following conditions at the property owner's expense:

1. Tree bearing fruit causing a nuisance to the property owner may be removed. Trees in parkways will be replaced at City's expense as part of its tree planting program.
2. Trees may be removed to widen existing driveway or to construct a new

driveway. Trees in parkways will be replaced at City's expense as part of its tree planting program.

3. Tree may be removed when less than 50% of the tree is within public right-of-way.

4. Trees may be removed as part of an approved development where curbs and gutters do not exist.

C. Tree Removal Notifications – Prior to trees being removed as part of a Public Works Project:

1. The City Engineer clearly notes all trees and the reason for removal on the Council Communication approving plans and specifications;

2. Prior to removing, trees that are known to have been donated by a service club or individual, staff must notify the service club or individual donor(s) of the impending removal prior to approving plans and specifications, if possible;

3. Emergency tree removal for safety reasons are exempt from the notification requirement.

_____
Charles E. Swimley, Jr.
Public Works Director

Approved by City Council October 19, 2016
Resolution No.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
RESCINDING RESOLUTION NO. 4304 AND APPROVING
UPDATED PUBLIC WORKS TREE POLICY

==========

WHEREAS, operations within the Public Works Department have evolved over the past decades and several of the existing policies need to be updated, and new policies created, to reflect current conditions within the department; and

WHEREAS, the Public Works Policies and Procedures Manual covers a wide range of services, including administration, engineering, storm, streets, sewer, water, transit, and solid waste; and

WHEREAS, the action requested of the City Council herein is specific to the Streets Division Tree Policy; and

WHEREAS, staff recommends that the City Council rescind Resolution No. 4304 and approve the updated Public Works Tree Policy, attached hereto marked as Exhibit A, and made a part of this Resolution.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby rescind Resolution No. 4304 and approves an updated Public Works Tree Policy, attached hereto marked as Exhibit A, and made a part of this Resolution.

Dated: October 19, 2016
==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

EXHIBIT A

CITY OF LODI
PUBLIC WORKS DEPARTMENT

POLICIES AND PROCEDURES

STREETS - 4	TREE POLICY	Rev. 10/5/16

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Property owners are responsible for any required watering of newly planted trees in parkways.

The City is not responsible for maintenance of non-City trees.

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A. City Responsibility – The City will remove a City tree at its expense when:

1. Tree is dead;
2. Tree is diseased beyond cure;
3. Tree is hazardous to the public or necessary root surgery would render it hazardous;
4. Tree conflicts with sidewalk to be installed by property owners on parcels where curb and gutter is in place;
5. Tree removal is necessary for a City improvement project; or
6. Tree causes repeated extensive damage to utilities or curb, gutter, and sidewalk.

B. Property Owner Responsibility – With the issuance of encroachment permit by the Public Works Department, a tree within the public right-of-way may be removed under the following conditions at the property owner's expense:

1. Tree bearing fruit causing a nuisance to the property owner may be removed. Trees in parkways will be replaced at City's expense as part of its tree planting program.
2. Trees may be removed to widen existing driveway or to construct a new

driveway. Trees in parkways will be replaced at City's expense as part of its tree planting program.

3. Tree may be removed when less than 50% of the tree is within public right-of-way.

4. Trees may be removed as part of an approved development where curbs and gutters do not exist.

C. Tree Removal Notifications – Prior to trees being removed as part of a Public Works Project:

1. The City Engineer clearly notes all trees and the reason for removal on the Council Communication approving plans and specifications;

2. Prior to removing, trees that are known to have been donated by a service club or individual, staff must notify the service club or individual donor(s) of the impending removal prior to approving plans and specifications, if possible;

3. Emergency tree removal for safety reasons are exempt from the notification requirement.

Charles E. Swimley, Jr.
Public Works Director

Approved by City Council October 19, 2016
Resolution No.

AGENDA ITEM **C-17**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt a Resolution Approving Year 2016 Amendments to Conflict of Interest Code (Government Code Section 87306.5)

MEETING DATE: October 19, 2016

PREPARED BY: City Attorney's Office

RECOMMENDED ACTION: Adopt a resolution approving Year 2016 Amendments to Conflict of Interest Code (Government Code Section 87306.5).

BACKGROUND INFORMATION: The City Council must periodically review and, if necessary, update the City's Conflict of Interest Code pursuant to California Government Code Section 87306.5. The attached resolution makes changes based on conditions occurring since the last update adopted by the Council in 2014. The attached resolution was published in draft form on August 24, 2016, to begin the 45-day public comment period on the proposed changes. The majority of the changes made since 2014 reflect little more than title changes of positions, the addition of new positions, or the deletion of positions eliminated in the 2014/2015 and 2015/2016 budgets, and comments received from staff. No comments to the proposed resolution were received from members of the public. The following additional changes have been made to the draft resolution approved by Council on August 17, 2016:

Lodi Public Library:

- Addition: Library Technician

Police Department:

- Delete/Replace: ~~Community Improvement Officer I/II~~ Code Enforcement Officer

Public Works:

- Addition: Lead Electrician (scheduled to be presented to Council November 2016)

As required by statute, the final version of the resolution is now brought back to the City Council for final approval.

FISCAL IMPACT: None.
FUNDING: None required.

Janice D. Magdich
City Attorney

APPROVED: _____
Stephen Schwabauer, City Manager

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL REPEALING
RESOLUTION NO. 2014-212 THEREBY AMENDING CITY
OF LODI CONFLICT OF INTEREST CODE

==========

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and a hearing it may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act. Therefore, the terms of 2 California Code of Regulations 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached appendices designating officials and employees and establishing disclosure categories shall constitute the conflict of interest code of the City of Lodi.

Designated officials and employees shall file their statements with the City Clerk of the City of Lodi and such statements shall be open for public inspection and reproduction pursuant to Government Code section 81008. Statements for all designated officials and employees will be retained by the City of Lodi.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution No. 2014-212 is hereby repealed in its entirety.
2. The terms of 2 California Code of Regulations Section 18730 and any amendments duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of Lodi.
3. Persons holding designated positions shall file statements of economic interest pursuant to the provisions of this code.
4. All designated officials and employees shall file their statements of economic interests with the City Clerk of the City of Lodi to whom the City Council hereby delegates the authority to carry out the duties of filing officer.
5. Failure to file the required statement in a timely fashion may result in the imposition of administrative, criminal, and civil sanctions as provided in Government Code sections 81000-91014.
6. The effective date of this Resolution shall be October 19, 2016.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

_____
JENNIFER M. FERRAIOLO
City Clerk

APPENDIX A

DESIGNATED OFFICIALS AND EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests (Form 700) pursuant to the Political Reform Act of 1974, as amended:

List of designated positions required to file Form 700:

Department:	**Position:**	**Disclosure Category:**
City Manager	City Manager Deputy City Manager/Internal Services Director Business Development Manager Management Analyst/Risk Manager	* 1 1 1
City Attorney	City Attorney Deputy City Attorney	* 1
City Clerk	City Clerk Deputy City Clerk	1 1
Community Development	Community Development Director Junior\Assistant\Associate\~~Senior~~City Planner Building Official Building Inspector I\II Neighborhood Services Manager Assistant Engineer/ Plans Examiner	1 1 1 2, 3, 6, 7 1 1
Electric Utility	Electric Utility Director Electric Utility Superintendent Engineering & Operations Manager ~~Distribution Planner~~ Senior Power Engineer Electrical Engineer Senior Electrical Engineering Technician Electrical Engineering Technician Substation/Metering Supervisor Rates & Resources Manager Electric Utility Rate Analyst Construction/Maintenance Supervisor Electric Materials Technician Electric Distribution Operations Supervisor Electric Utility Resources Analyst Troubleshooting Supervisor Field Services Supervisor	1 1 1 ~~3, 5, 7~~ 3, 5, 7 3, 5, 7 3, 5, 7 3, 5, 7 5, 6 1 5 5, 6 5 5,6 5 5,6 2,5
Fire	Fire Chief Fire Division Chief \ Operations ~~Fire Battalion Chief \ Training~~ Fire Battalion Chief Management Analyst Fire Captain **	1 1 ~~5~~ 5 2, 3, 4 5
Internal Services/Human	Human Resources Manager	1

Resources	Management Analyst	2,8
Internal Services/Financial Services	Financial Services Manager Accountant Supervising Accountant	2,3,4,8 2,3,4 2,3,4
Internal Services/Budget	Supervising Budget Analyst Management Analyst	2,3,4,8 2,3,4,8
Internal Services/Information Systems	Information Systems Manager Network Administrator Senior Programmer/Analyst	1 5 3,4,6
Library	Library Services Director Librarian Literacy & Volunteer Manager Senior Library Assistant Library Technician	1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7
Parks, Recreation and Cultural Services	Parks, Recreation and Cultural Services Director Park Superintendent Park Project Coordinator Recreation Superintendent Recreation Manager Stage Technician Building Services Supervisor Event Coordinator Park Maintenance Worker III ** Park Supervisor ** Senior Facilities Maintenance Worker **	1 1 2,3,5 2,3,5,7 2,3,5,7 5 5,7 5,7 5 5 5
Police	Police Chief Police Captain Management Analyst ~~Community Improvement Officer I/II~~ Code Enforcement Officer Animal Services Supervisor Administrative Secretary Senior Administrative Clerk	1 1 2,3,4 ~~2,3,5,7~~ 2,3,5,7 5 5 5
Public Works	Public Works Director Public Works Management Analyst Transportation Manager/Senior Traffic Engineer Junior\Assistant\Associate Planner (Transportation) City Engineer/Deputy Public Works Director Compliance Engineer Construction Project Manager Senior Civil Engineer Fleet Services Supervisor Facilities Supervisor Public Works Inspector ~~Deputy Public Works Director –~~Utilities Manager Utilities Superintendent - PW	1 2,3,5,7 1 2,3,5,7 1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 1 2,3,5,7

	Wastewater Plant Superintendent Water Plant Superintendent Chief Wastewater Plant Operator Lead Electrician*** Electrician ** Laboratory Services Supervisor Parts Clerk Plant & Equipment Mechanic ** Senior Engineering Technician ** Senior Storekeeper Street Maintenance Worker III ** Street Supervisor ** Water Plant Operator III ** Water Services Technician I ** Water/Wastewater Maintenance Worker III ** Water/Wastewater Supervisor ** Watershed Program Coordinator Traffic & Sign Making Worker** Wastewater Plant Operator Environmental Compliance Inspector	2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7
Boards and Commissions	Members of the Planning Commission Members of the Recreation Commission Members of the Site Plan and Architectural Review Committee Members of the Library Board of Trustees Members of the Lodi Improvement Committee Members of the Lodi Arts Commission Members of the Lodi Animal Advisory Commission Members of the Art Advisory Board	* 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8
Consultants Community Development	CDBG Program Administration(Contract Consultant – ~~PMC~~ Michael Baker International) Interwest Consulting Group (Contract Plan Check Services) Bureau Veritas (Contract Plan Check Services)	3,4,6 3,4,6 3,4,6
Electric Utility	Flynn Resource Consulting, Inc. ~~Robertson-Bryan, Inc.~~	1 ~~1~~
Internal Services/Human		3,4,6,8

Resources	York Insurance Service Group DB Claims Services Group, Inc.	3,4,6,8
Police	~~People Assisting the Lodi Shelter (PALS)~~Lodi Shelter Pals	2,5
Public Works		3,4,6
	West Yost & Associates	3,4,6
	Langan Treadwell & Rollo	3,4,6
	RMC Water and Environment	3,4,6
	WGR Southwest	3,4,6
	Stantec	3,4,6
	Mark Thomas and Company	3,4,6
	Terracon	3,4,6
	MV Transportation	

* Exempt from Political Reform Act of 1974, but required to file a statement of economic interest pursuant to Government Code section 87200.

** Applicable only to those employees in the position issued a Cal-Card Visa.

*** Position scheduled to be presented to City Council for Approval in November, 2016.

Designated Employees are those positions within the city who may exercise independent judgment and make or participate in the making of governmental decisions which may forseeably have a material effect on any financial interest.

Consultant means an individual who, pursuant to a contract with a state or local governmental agency:

A. Makes governmental decisions whether to

1. approve a rate, rule or regulation;
2. adopt or enforce a law;
3. issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order or similar authorization or entitlement;
4. authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
5. grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
6. grant agency approval to a plan, design, report, study or similar item;
7. adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or

B. Serves in a staff capacity with the agency and in that capacity performs the same or substantially the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agencies Conflict of Interest Code.

The City Manager or his designee may determine in writing that a particular consultant, although a “designated position” is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant’s duties and, based upon the description, a statement of the extent of the disclosure requirements. The City Manager or his designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Public Officials Who Manage Public Investments (Specified in Government Code Section 87200):

The positions listed below manage public investments and shall file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only.

1. Members of the Lodi City Council
2. City Manager
3. City Attorney
4. Finance Director
5. Members of the Lodi Planning Commission

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code section 87200.

APPENDIX B

DISCLOSURE CATEGORIES

Individuals holding designated positions must report their interests according to their assigned disclosure category(ies).

DISCLOSURE CATEGORIES

1. All investments and business positions in business entities, sources of income, including loans, gifts, and travel payments, from all sources wherever located; and interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

2. Investments and business positions in business entities, and all sources of income, including loans, gifts, and travel payments, from all sources.

3. Interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

4. Investments and business positions in business entities, and sources of income from entities, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the City of Lodi.

5. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the designated position's division or department.

6. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the City of Lodi during the previous two (2) years, or have a claim pending with the City of Lodi.

7. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources of the type to request an entitlement to use agency property or facilities, including, but not limited to: licenses, utility permits, and vendor permits.

8. Investments and business positions in and income from Union Pension funds that may be affected by the outcome of negotiations involving monetary settlements of employer-employee memorandums involving the City of Lodi.

Please immediately confirm receipt of this fax by calling 333-6702

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: **NOTICE OF INTENTION TO AMEND THE CONFLICT OF INTEREST CODE OF THE CITY OF LODI**

PUBLISH DATE: **WEDNESDAY, AUGUST 24, 2016**

LEGAL AD

TEAR SHEETS WANTED: **One (1) please**

SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #0510052

JENNIFER M. FERRAIOLO, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, AUGUST 18, 2016

ORDERED BY: Jennifer M. Ferraiolo
JENNIFER M. FERRAIOLO
CITY CLERK

PAMELA M. FARRIS
DEPUTY CITY CLERK

ELIZABETH BURGOS
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

Emailed to the Sentinel at dianer@lodinews.com at _____(time) on _____(date) _____(pages)
LNS _____ Phoned to confirm receipt of all pages at _____(time) ____EB ____PMF (initials)

forms\advins.doc

NOTICE OF INTENTION
TO AMEND THE CONFLICT OF INTEREST CODE
OF THE CITY OF LODI

NOTICE IS HEREBY GIVEN that the City of Lodi, pursuant to the authority vested in it by Section 87306 of the California Government Code, proposes amendments to its Conflict of Interest Code. The purpose of these amendments is to implement the requirements of Section 87300 through 87302 and Section 87306 of the Government Code.

The City of Lodi proposes to amend its Conflict of Interest Code to include positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest, as set forth in subdivision (a) of the Section 87302 of the Government Code. Specifically, the proposed amendments will add positions that are newly created by the agency and delete positions that are no longer used by the agency.

Copies of the proposed amended Conflict of Interest Code are available for public review and may be requested from the Lodi City Clerk's Office at (209) 333-6702. A 45-day written comment period will be conducted through October 10, 2016. Comments must be received by the City Clerk on or before October 10, 2016, at 5:30 p.m. and may be hand-delivered to the City Clerk at City Hall, 221 W. Pine Street, Lodi, California, 95240; mailed to the City Clerk at P.O. Box 3006, Lodi, CA 95241; or e-mailed to the City Clerk at jferraiolo@lodi.gov.

The Lodi City Council will consider the adoption of a resolution approving Year 2016 Amendments to the Conflict of Interest Code at its regularly scheduled meeting on October 19, 2016, at 7:00 p.m., or as soon thereafter as the matter may be heard, at the Carnegie Forum, 305 West Pine Street, Lodi.

Dated: August 18, 2016

JENNIFER M. FERRAIOLO
City Clerk

DECLARATION OF POSTING

NOTICE OF INTENTION TO AMEND THE CONFLICT OF INTEREST CODE OF THE CITY OF LODI

On Thursday, August 18, 2016, in the City of Lodi, San Joaquin County, California, a copy of a Notice of Intention to amend the Conflict of Interest Code of the City of Lodi (attached hereto, marked Exhibit "A") was posted at the following locations:

Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum
WorkNet Office

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 18, 2016, at Lodi, California.

ORDERED BY:

Jennifer M. Ferraiolo

JENNIFER M. FERRAIOLO
CITY CLERK

PAMELA FARRIS
DEPUTY CITY CLERK

ELIZABETH BURGOS
ADMINISTRATIVE CLERK

NOTICE OF INTENTION
TO AMEND THE CONFLICT OF INTEREST CODE
OF THE CITY OF LODI

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Dated: August 18, 2016

JENNIFER M. FERRAIOLO
City Clerk

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL REPEALING RESOLUTION NO. 2014-212 THEREBY AMENDING CITY OF LODI CONFLICT OF INTEREST CODE

==========

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and a hearing it may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act. Therefore, the terms of 2 California Code of Regulations 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached appendices designating officials and employees and establishing disclosure categories shall constitute the conflict of interest code of the City of Lodi.

Designated officials and employees shall file their statements with the City Clerk of the City of Lodi and such statements shall be open for public inspection and reproduction pursuant to Government Code section 81008. Statements for all designated officials and employees will be retained by the City of Lodi.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution No. 2014-212 is hereby repealed in its entirety.
2. The terms of 2 California Code of Regulations Section 18730 and any amendments duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of Lodi.
3. Persons holding designated positions shall file statements of economic interest pursuant to the provisions of this code.
4. All designated officials and employees shall file their statements of economic interests with the City Clerk of the City of Lodi to whom the City Council hereby delegates the authority to carry out the duties of filing officer.
5. Failure to file the required statement in a timely fashion may result in the imposition of administrative, criminal, and civil sanctions as provided in Government Code sections 81000-91014.
6. The effective date of this Resolution shall be _____, 2016.

Dated: _____, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held _____, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

_____
JENNIFER M. FERRAIOLO
City Clerk

APPENDIX A

DESIGNATED OFFICIALS AND EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests (Form 700) pursuant to the Political Reform Act of 1974, as amended:

List of designated positions required to file Form 700:

Department:	**Position:**	**Disclosure Category:**
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City Clerk	City Clerk Deputy City Clerk	1 1
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Electric Utility	Electric Utility Director Electric Utility Superintendent Engineering & Operations Manager ~~Distribution Planner~~ Senior Power Engineer Electrical Engineer Senior Electrical Engineering Technician Electrical Engineering Technician Substation/Metering Supervisor Rates & Resources Manager Electric Utility Rate Analyst Construction/Maintenance Supervisor Electric Materials Technician Electric Distribution Operations Supervisor Electric Utility Resources Analyst Troubleshooting Supervisor Field Services Supervisor	1 1 1 ~~3, 5, 7~~ 3, 5, 7 3, 5, 7 3, 5, 7 3, 5, 7 5, 6 1 5 5, 6 5 5,6 5 5,6 2,5
Fire	Fire Chief Fire Division Chief \ Operations ~~Fire Battalion Chief \ Training~~ Fire Battalion Chief Management Analyst Fire Captain **	1 1 ~~5~~ 5 2, 3, 4 5

Internal Services/Human Resources	Human Resources Manager Management Analyst	1 2,8
Internal Services/Financial Services	Financial Services Manager Accountant Supervising Accountant	2,3,4,8 2,3,4 2,3,4
Internal Services/Budget	Supervising Budget Analyst Management Analyst	2,3,4,8 2,3,4,8
Internal Services/Information Systems	Information Systems Manager Network Administrator Senior Programmer/Analyst	1 5 3,4,6
Library	Library Services Director Librarian Literacy & Volunteer Manager Senior Library Assistant	1 2,3,5,7 2,3,5,7 2,3,5,7
Parks, Recreation and Cultural Services	Parks, Recreation and Cultural Services Director Park Superintendent Park Project Coordinator Recreation Superintendent Recreation Manager Stage Technician Building Services Supervisor Event Coordinator Park Maintenance Worker III ** Park Supervisor ** Senior Facilities Maintenance Worker **	1 1 2,3,5 2,3,5,7 2,3,5,7 5 5,7 5,7 5 5 5
Police	Police Chief Police Captain Management Analyst Community Improvement Officer I/II Animal Services Supervisor Administrative Secretary Senior Administrative Clerk	1 1 2,3,4 2,3,5,7 5 5 5
Public Works	Public Works Director Public Works Management Analyst Transportation Manager/Senior Traffic Engineer Junior\Assistant\Associate Planner (Transportation) City Engineer/Deputy Public Works Director Compliance Engineer Construction Project Manager Senior Civil Engineer Fleet Services Supervisor Facilities Supervisor Public Works Inspector	1 2,3,5,7 1 2,3,5,7 1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7

	~~Deputy Public Works Director~~ – Utilities Manager Utilities Superintendent - PW Wastewater Plant Superintendent Water Plant Superintendent Chief Wastewater Plant Operator Electrician ** Laboratory Services Supervisor Parts Clerk Plant & Equipment Mechanic ** Senior Engineering Technician ** Senior Storekeeper Street Maintenance Worker III ** Street Supervisor ** Water Plant Operator III ** Water Services Technician I ** Water/Wastewater Maintenance Worker III ** Water/Wastewater Supervisor ** Watershed Program Coordinator Traffic & Sign Making Worker ** Wastewater Plant Operator Environmental Compliance Inspector	1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7
Boards and Commissions	Members of the Planning Commission Members of the Recreation Commission Members of the Site Plan and Architectural Review Committee Members of the Library Board of Trustees Members of the Lodi Improvement Committee Members of the Lodi Arts Commission Members of the Lodi Animal Advisory Commission Members of the Art Advisory Board	* 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8
Consultants Community Development	CDBG Program Administration(Contract Consultant – ~~PMC~~ Michael Baker International) Interwest Consulting Group (Contract Plan Check Services) Bureau Veritas (Contract Plan Check Services)	3,4,6 3,4,6 3,4,6

Electric Utility	Flynn Resource Consulting, Inc. ~~Robertson-Bryan, Inc.~~	1 ~~1~~
Internal Services/Human Resources	York Insurance Service Group DB Claims Services Group, Inc.	3,4,6,8 3,4,6,8
Police	~~People Assisting the Lodi Shelter (PALS)~~Lodi Shelter Pals	2,5
Public Works	West Yost & Associates Langan Treadwell & Rollo RMC Water and Environment WGR Southwest Stantec Mark Thomas and Company Terracon MV Transportation	3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6

* Exempt from Political Reform Act of 1974, but required to file a statement of economic interest pursuant to Government Code section 87200.

** Applicable only to those employees in the position issued a Cal-Card Visa.

Designated Employees are those positions within the city who may exercise independent judgment and make or participate in the making of governmental decisions which may forseeably have a material effect on any financial interest.

Consultant means an individual who, pursuant to a contract with a state or local governmental agency:

A. Makes governmental decisions whether to

1. approve a rate, rule or regulation;
2. adopt or enforce a law;
3. issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order or similar authorization or entitlement;
4. authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
5. grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
6. grant agency approval to a plan, design, report, study or similar item;
7. adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or

B. Serves in a staff capacity with the agency and in that capacity performs the same or substantially the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agencies Conflict of Interest Code.

The City Manager or his designee may determine in writing that a particular consultant, although a "designated position" is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon the description, a statement of the extent of the disclosure requirements. The City Manager or his designee's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Public Officials Who Manage Public Investments (Specified in Government Code Section 87200):

The positions listed below manage public investments and shall file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only.

1. Members of the Lodi City Council
2. City Manager
3. City Attorney
4. Finance Director
5. Members of the Lodi Planning Commission

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code section 87200.

DRAFT

APPENDIX B

DISCLOSURE CATEGORIES

Individuals holding designated positions must report their interests according to their assigned disclosure category(ies).

DISCLOSURE CATEGORIES

1. All investments and business positions in business entities, sources of income, including loans, gifts, and travel payments, from all sources wherever located; and interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

2. Investments and business positions in business entities, and all sources of income, including loans, gifts, and travel payments, from all sources.

3. Interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

4. Investments and business positions in business entities, and sources of income from entities, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the City of Lodi.

5. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the designated position's division or department.

6. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the City of Lodi during the previous two (2) years, or have a claim pending with the City of Lodi.

7. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources of the type to request an entitlement to use agency property or facilities, including, but not limited to: licenses, utility permits, and vendor permits.

8. Investments and business positions in and income from Union Pension funds that may be affected by the outcome of negotiations involving monetary settlements of employer-employee memorandums involving the City of Lodi.

Jennifer Ferraiolo

From: Jennifer Ferraiolo
Sent: Thursday, August 18, 2016 12:19 PM
To: Management Team - Executive; Jennifer Winn; Dean Gualco; Joseph Wood; Kari Chadwick; Jeff Hood
Cc: Department Secretaries; Janice Magdich; Peggy Nicolini; Pamela Farris
Subject: 2016 Conflict of Interest Code
Attachments: noticeofintention.pdf

Attached please find Notice of Intention that the City of Lodi proposes to amend its Conflict of Interest Code to include positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest. Specifically, the proposed amendments will add positions that are newly created by the agency, delete positions that are no longer used by the agency, and amend position titles. The City Council will consider the amendments at its meeting of October 19, 2016.

Please forward this message to the designated filers in your department (refer to the attachment for a list of designated positions). Designated filers may include employees, board or commission members, and/or contractors. The 45-day written comment period will be conducted through October 10, 2016; comments should be sent to the City Clerk's Office.

Jennifer M. Ferraiolo, CMC
City Clerk
P.O. Box 3006
Lodi, CA 95241-1910
(209) 333-6702
(209) 333-6807 FAX

NOTICE OF INTENTION
TO AMEND THE CONFLICT OF INTEREST CODE
OF THE CITY OF LODI

NOTICE IS HEREBY GIVEN that the City of Lodi, pursuant to the authority vested in it by Section 87306 of the California Government Code, proposes amendments to its Conflict of Interest Code. The purpose of these amendments is to implement the requirements of Section 87300 through 87302 and Section 87306 of the Government Code.

The City of Lodi proposes to amend its Conflict of Interest Code to include positions that involve the making or participation in the making of decisions that may foreseeably have a material effect on any financial interest, as set forth in subdivision (a) of the Section 87302 of the Government Code. Specifically, the proposed amendments will add positions that are newly created by the agency and delete positions that are no longer used by the agency.

Copies of the proposed amended Conflict of Interest Code are available for public review and may be requested from the Lodi City Clerk's Office at (209) 333-6702. A 45-day written comment period will be conducted through October 10, 2016. Comments must be received by the City Clerk on or before October 10, 2016, at 5:30 p.m. and may be hand-delivered to the City Clerk at City Hall, 221 W. Pine Street, Lodi, California, 95240; mailed to the City Clerk at P.O. Box 3006, Lodi, CA 95241; or e-mailed to the City Clerk at jferraiolo@lodi.gov.

The Lodi City Council will consider the adoption of a resolution approving Year 2016 Amendments to the Conflict of Interest Code at its regularly scheduled meeting on October 19, 2016, at 7:00 p.m., or as soon thereafter as the matter may be heard, at the Carnegie Forum, 305 West Pine Street, Lodi.

Dated: August 18, 2016

JENNIFER M. FERRAIOLO
City Clerk

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL REPEALING
RESOLUTION NO. 2014-212 THEREBY AMENDING CITY
OF LODI CONFLICT OF INTEREST CODE

==========

The Political Reform Act of 1974 (Government Code section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and a hearing it may be amended by the Fair Political Practices Commission to conform to amendments to the Political Reform Act. Therefore, the terms of 2 California Code of Regulations 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached appendices designating officials and employees and establishing disclosure categories shall constitute the conflict of interest code of the City of Lodi.

Designated officials and employees shall file their statements with the City Clerk of the City of Lodi and such statements shall be open for public inspection and reproduction pursuant to Government Code section 81008. Statements for all designated officials and employees will be retained by the City of Lodi.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution No. 2014-212 is hereby repealed in its entirety.
2. The terms of 2 California Code of Regulations Section 18730 and any amendments duly adopted by the Fair Political Practices Commission along with the attached Appendices in which officials and employees are designated and disclosure categories are set forth, are hereby incorporated by reference and constitute the Conflict of Interest Code of the City of Lodi.
3. Persons holding designated positions shall file statements of economic interest pursuant to the provisions of this code.
4. All designated officials and employees shall file their statements of economic interests with the City Clerk of the City of Lodi to whom the City Council hereby delegates the authority to carry out the duties of filing officer.
5. Failure to file the required statement in a timely fashion may result in the imposition of administrative, criminal, and civil sanctions as provided in Government Code sections 81000-91014.
6. The effective date of this Resolution shall be _____, 2016.

Dated: _____, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held _____, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

_____
JENNIFER M. FERRAIOLO
City Clerk

APPENDIX A

DESIGNATED OFFICIALS AND EMPLOYEES

The following is a listing of those persons who are required to submit Statements of Economic Interests (Form 700) pursuant to the Political Reform Act of 1974, as amended:

List of designated positions required to file Form 700:

Department:	**Position:**	**Disclosure Category:**
City Manager	City Manager Deputy City Manager/Internal Services Director Business Development Manager Management Analyst/Risk Manager	* 1 1 1
City Attorney	City Attorney Deputy City Attorney	* 1
City Clerk	City Clerk Deputy City Clerk	1 1
Community Development	Community Development Director Junior\Assistant\Associate\~~Senior~~City Planner Building Official Building Inspector I\II Neighborhood Services Manager Assistant Engineer/ Plans Examiner	1 1 1 2, 3, 6, 7 1 1
Electric Utility	Electric Utility Director Electric Utility Superintendent Engineering & Operations Manager ~~Distribution Planner~~ Senior Power Engineer Electrical Engineer Senior Electrical Engineering Technician Electrical Engineering Technician Substation/Metering Supervisor Rates & Resources Manager Electric Utility Rate Analyst Construction/Maintenance Supervisor Electric Materials Technician Electric Distribution Operations Supervisor Electric Utility Resources Analyst Troubleshooting Supervisor Field Services Supervisor	1 1 1 ~~3, 5, 7~~ 3, 5, 7 3, 5, 7 3, 5, 7 3, 5, 7 5, 6 1 5 5, 6 5 5,6 5 5,6 2,5
Fire	Fire Chief Fire Division Chief \ Operations ~~Fire Battalion Chief \ Training~~ Fire Battalion Chief Management Analyst Fire Captain **	1 1 ~~5~~ 5 2, 3, 4 5

Internal Services/Human Resources	Human Resources Manager Management Analyst	1 2,8
Internal Services/Financial Services	Financial Services Manager Accountant Supervising Accountant	2,3,4,8 2,3,4 2,3,4
Internal Services/Budget	Supervising Budget Analyst Management Analyst	2,3,4,8 2,3,4,8
Internal Services/Information Systems	Information Systems Manager Network Administrator Senior Programmer/Analyst	1 5 3,4,6
Library	Library Services Director Librarian Literacy & Volunteer Manager Senior Library Assistant	1 2,3,5,7 2,3,5,7 2,3,5,7
Parks, Recreation and Cultural Services	Parks, Recreation and Cultural Services Director Park Superintendent Park Project Coordinator Recreation Superintendent Recreation Manager Stage Technician Building Services Supervisor Event Coordinator Park Maintenance Worker III ** Park Supervisor ** Senior Facilities Maintenance Worker **	1 1 2,3,5 2,3,5,7 2,3,5,7 5 5,7 5,7 5 5 5
Police	Police Chief Police Captain Management Analyst Community Improvement Officer I/II Animal Services Supervisor Administrative Secretary Senior Administrative Clerk	1 1 2,3,4 2,3,5,7 5 5 5
Public Works	Public Works Director Public Works Management Analyst Transportation Manager/Senior Traffic Engineer Junior\Assistant\Associate Planner (Transportation) City Engineer/Deputy Public Works Director Compliance Engineer Construction Project Manager Senior Civil Engineer Fleet Services Supervisor Facilities Supervisor Public Works Inspector	1 2,3,5,7 1 2,3,5,7 1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7

	~~Deputy Public Works Director –~~ Utilities Manager Utilities Superintendent - PW Wastewater Plant Superintendent Water Plant Superintendent Chief Wastewater Plant Operator Electrician ** Laboratory Services Supervisor Parts Clerk Plant & Equipment Mechanic ** Senior Engineering Technician ** Senior Storekeeper Street Maintenance Worker III ** Street Supervisor ** Water Plant Operator III ** Water Services Technician I ** Water/Wastewater Maintenance Worker III ** Water/Wastewater Supervisor ** Watershed Program Coordinator Traffic & Sign Making Worker ** Wastewater Plant Operator Environmental Compliance Inspector	1 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7 2,3,5,7
Boards and Commissions	Members of the Planning Commission Members of the Recreation Commission Members of the Site Plan and Architectural Review Committee Members of the Library Board of Trustees Members of the Lodi Improvement Committee Members of the Lodi Arts Commission Members of the Lodi Animal Advisory Commission Members of the Art Advisory Board	* 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8 2,3,4,6,7,8
Consultants Community Development	CDBG Program Administration(Contract Consultant – ~~PMC~~ Michael Baker International) Interwest Consulting Group (Contract Plan Check Services) Bureau Veritas (Contract Plan Check Services)	3,4,6 3,4,6 3,4,6

Electric Utility	Flynn Resource Consulting, Inc. ~~Robertson-Bryan, Inc.~~	1 ~~1~~
Internal Services/Human Resources	York Insurance Service Group DB Claims Services Group, Inc.	3,4,6,8 3,4,6,8
Police	~~People Assisting the Lodi Shelter (PALS)~~Lodi Shelter Pals	2,5
Public Works	West Yost & Associates Langan Treadwell & Rollo RMC Water and Environment WGR Southwest Stantec Mark Thomas and Company Terracon MV Transportation	3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6 3,4,6

* Exempt from Political Reform Act of 1974, but required to file a statement of economic interest pursuant to Government Code section 87200.

** Applicable only to those employees in the position issued a Cal-Card Visa.

Designated Employees are those positions within the city who may exercise independent judgment and make or participate in the making of governmental decisions which may forseeably have a material effect on any financial interest.

Consultant means an individual who, pursuant to a contract with a state or local governmental agency:

A. Makes governmental decisions whether to

1. approve a rate, rule or regulation;
2. adopt or enforce a law;
3. issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order or similar authorization or entitlement;
4. authorize the agency to enter into, modify, or renew a contract provided it is the type of contract which requires agency approval;
5. grant agency approval to a contract which requires agency approval and in which the agency is a party or to the specifications for such a contract;
6. grant agency approval to a plan, design, report, study or similar item;
7. adopt, or grant agency approval of policies, standards, or guidelines for the agency, or for any subdivision thereof; or

B. Serves in a staff capacity with the agency and in that capacity performs the same or substantially the same duties for the agency that would otherwise be performed by an individual holding a position specified in the agencies Conflict of Interest Code.

The City Manager or his designee may determine in writing that a particular consultant, although a "designated position" is hired to perform a range of duties that are limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such written determination shall include a description of the consultant's duties and, based upon the description, a statement of the extent of the disclosure requirements. The City Manager or his designee's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Public Officials Who Manage Public Investments (Specified in Government Code Section 87200):

The positions listed below manage public investments and shall file a statement of economic interests pursuant to Government Code Section 87200. These positions are listed for informational purposes only.

1. Members of the Lodi City Council
2. City Manager
3. City Attorney
4. Finance Director
5. Members of the Lodi Planning Commission

An individual holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code section 87200.

DRAFT

APPENDIX B

DISCLOSURE CATEGORIES

Individuals holding designated positions must report their interests according to their assigned disclosure category(ies).

DISCLOSURE CATEGORIES

1. All investments and business positions in business entities, sources of income, including loans, gifts, and travel payments, from all sources wherever located; and interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

2. Investments and business positions in business entities, and all sources of income, including loans, gifts, and travel payments, from all sources.

3. Interests in real property located within the jurisdiction of the City of Lodi or within two (2) miles of the boundaries of the City of Lodi or within two (2) miles of any land owned or used by the City of Lodi.

4. Investments and business positions in business entities, and sources of income from entities, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the City of Lodi.

5. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources providing supplies, services, materials, equipment or machinery of the type used by the designated position's division or department.

6. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources, that filed a claim against the City of Lodi during the previous two (2) years, or have a claim pending with the City of Lodi.

7. Investments and business positions in business entities, and income, including loans, gifts, and travel payments, from sources of the type to request an entitlement to use agency property or facilities, including, but not limited to: licenses, utility permits, and vendor permits.

8. Investments and business positions in and income from Union Pension funds that may be affected by the outcome of negotiations involving monetary settlements of employer-employee memorandums involving the City of Lodi.

AGENDA ITEM **C-18**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set a Public Hearing for November 2, 2016, to Consider Adopting a Resolution Approving the Planning Commission's Recommendation to Authorize 28 Medium-Density Residential Growth Management Allocations for the Camper – Sacramento Street Subdivision

MEETING DATE: October 19, 2016

PREPARED BY: Community Development Director

RECOMMENDED ACTION: Set a Public Hearing for November 2, 2016, to consider adopting a resolution approving the Planning Commission's recommendation to authorize 28 Medium-Density Residential Growth Management Allocations for the Camper – Sacramento Street Subdivision.

BACKGROUND INFORMATION: As part of the City's Growth Management program, the Planning Commission reviews allocation requests for new housing developments. Following a public hearing, the Commission makes a recommendation for City Council consideration.

On September 28, 2016, the Planning Commission held a public hearing regarding the 2016 Residential Growth Management Development Allocation. At this hearing the Planning Commission reviewed a request by Bruce Camper for 28 Medium-Density Residential Growth Management Allocations for the Camper – Sacramento Street subdivision, a 2.15-acre 28-lot subdivision.

The Commission received a staff report, heard the staff presentation; asked questions of staff as well as the applicant; opened the hearing to the public for testimony in support and in opposition to the application; closed the public hearing and voted 5-0 to recommend the City Council approve the applicant's request for 28 Medium-Density Residential growth management allocation units and approve the Final Map for the project.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

_____
Stephen Schwabauer
Community Development Director

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **C-19**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set Public Hearing for November 2, 2016 to Consider Adopting a Resolution Setting the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan Development Fees For 2017 and Updating the Fee Model for the Conservation Plan

MEETING DATE: October 19, 2016

PREPARED BY: Community Development Department

RECOMMENDED ACTION: Set public hearing for November 2, 2016 to consider adopting a resolution setting the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan development fees for 2017 and updating the fee model for the conservation plan.

BACKGROUND INFORMATION: On February 21, 2001, the City of Lodi adopted the San Joaquin County Multi-Species Habitat Conservation and Open Space Plan (SJMSCP). The Plan includes a schedule of fees to be paid by property owners who propose to develop their property with non-agricultural uses. These fees are used to mitigate for the cumulative impacts of new development on habitat lands within Lodi and San Joaquin County. It is necessary for all jurisdictions covered by the Plan to approve the Habitat Conservation Plan (HCP) fees in order for the jurisdiction to continue to participate in the Plan. The fees are reviewed on an annual basis.

Over the past year or so, San Joaquin Council of Governments, Inc. (SJCOG) has engaged in the required 5-year financial analysis to the SJMSCP fee and methodology used to calculate the fee. The last reviews were in 2007 and 2011, respectively. The goal of the update was to review, and refine as necessary, the adopted fee model which estimates the costs of implementation of the SJMSCP in compliance with the SJMSPC federal and state permits. Along with the fee updates, the City will be adopting the new cost methodology.

The 2017 per-acre fees for all categories of habitat land have increased over 14 percent from the prior year. In 2016 the fees went up by 9 percent over the previous year. Fees are calculated based upon appraisal value of easements. Open Space lands have increased from $7,807 to $8,905 per acre. Agriculture and Natural lands (the two largest categories) have increased from $15,596 to $17,808 per acre. Fees for Vernal Pool (grasslands) habitat lands increased from $46,869 to $66,437 per acre and Vernal Pool (wetted lands) increased from $90,273 to $109,737 per acre

On Thursday, September 22, 2016, the San Joaquin Council of Governments Board approved the attached HCP fee schedule for 2017. The Board coordinates the review of land costs to ensure that the attached land mitigation costs will satisfy habitat conservation and purchases. All local jurisdictions are requested to approve the new fee schedule that will take effect on January 1, 2017.

FISCAL IMPACT: Not applicable.

APPROVED: _____

Stephen Schwabauer, City Manager

FUNDING AVAILABLE: Not applicable.

Steve Schwabauer
Community Development Director

SJCOG, Inc.

555 East Weber Avenue ● Stockton, CA 95202 ● (209) 235-0600 ● FAX (209) 235-0438

San Joaquin County Multi-Species Habitat Conservation & Open Space Plan (SJMSCP)

Steve DeBrum
CHAIR

Katherine Miller
VICE CHAIR

Andrew T. Chesley
PRESIDENT

Member Agencies
CITIES OF
ESCALON,
LATHROP,
LODI,
MANTECA,
RIPON,
STOCKTON,
TRACY,
AND
THE COUNTY OF
SAN JOAQUIN

2017 Updated Habitat Fees*

Habitat Type	Fee Per Acre
Multi-Purpose Open Space	$8,905
Natural	$17,808
Agriculture	$17,808
Vernal Pool - uplands	$66,437
Vernal Pool - wetted	$109,737

* Effective January 1, 2017 – December 31, 2017

2017 Endowment Fees with In-lieu Land**

Type of Preserve	*Enhancement Cost/acre*	*Land Management Cost/acre*	TOTAL PER ACRE ENDOWMENT
Agricultural Habitat Lands	$3,426.00	$770.86	**$4,196.86**
Natural Lands	$3,426.00	$770.86	**$4,196.86**
Vernal Pool Habitat			
Vernal Pool Grasslands	$13,902.00	$2,348.30	**$16,250.30**
Vernal Pool Wetted	$58,159.00	$2,305.42	**$60,464.42**

** Effective January 1, 2017 – December 31, 2017 in lieu of fees to be used as the endowment for the dedicated land preserves (Category B + C)

VELB Mitigation

A special fee category shall apply when removal of the Valley Elderberry Long-horned Beatle (VELB) habitat of elderberry shrubs occurs. The fee shall be paid to SJCOG, Inc. or a VELB mitigation bank approved by the Permitting Agencies. The current fee, as established in the VELB Conservation Fund Account managed by the Center for Natural Lands Management, and approved by the USFWS, is $1,800 per VELB Unit (one unit= one stem over 1" in diameter at ground level which is removed). Fees shall be established by the JPA during preconstruction surveys (i.e., counts of stems to be removed with and without exit holes shall be completed during preconstruction surveys) and shall be paid to the JPA prior to ground disturbance or stem removal, whichever comes first.

AGENDA ITEM **C-20**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set Public Hearing for November 2, 2016 to Consider Adoption of the 2016 California Building Code, Mechanical Code, Electrical Code, Plumbing Code, Residential Code, Green Building Standard Code and Fire Code

MEETING DATE: October 19, 2016

PREPARED BY: Community Development Department and Fire Department

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RECOMMENDED ACTION: Set Public Hearing for November 2, 2016 to Consider Adoption of the 2016 California Building Code, Mechanical Code, Electrical Code, Plumbing Code, Residential Code, Green Building Standard Code and Fire Code.

BACKGROUND INFORMATION: Pursuant to Health and Safety Code Section 18938, the California Building Standards Commission has selected January 1, 2017 as the effective date for the 2016 California Building Code, 2016 California Mechanical Code, 2016 California Electrical Code, 2016 California Plumbing Code, 2016 California Residential Code, 2016 California Fire Code and 2016 California Green Building Standard Code.

Every three years, Building/Construction and Fire Codes are amended by the State to include provisions of the most recent version. The State of California Building Standards Commission adopts new State standards, which cities and counties are therefore mandated to adopt. If codes with amendments are not adopted locally by January 1, 2017, then cities are required to follow State codes only. The need for the new ordinances is to adopt specific Appendixes and/or Administration provisions not adopted by the State. An example of this is:

- Administration Chapter I, Division II has been amended to have the City Council sit as the board of appeals for alternate materials and types of construction versus a separate appointed board of appeals; and
- Appendix J will be adopted to assist staff and design professionals with clear direction for construction design guidelines for grading, excavation and earthwork.

FISCAL IMPACT: Not applicable

FUNDING AVAILABLE: Not applicable

Steve Schwabauer
Community Development Director

DC/BD/kjc

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **C-21**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set a Public Hearing for November 16, 2016, to Consider and Approve an Amendment of the 2016/17 Annual Action Plan to Accommodate the Reallocation of Community Development Block Grant (CDBG) Funds From Previous Years

MEETING DATE: October 19, 2016

PREPARED BY: Community Development Director

RECOMMENDED ACTION: Set a public hearing for November 16, 2016, to consider and approve an amendment of the 2016/17 Annual Action Plan to accommodate the reallocation of CDBG funds from previous years.

BACKGROUND INFORMATION: A public hearing is required as part of the federal requirements of the Community Development Block Grant (CDBG) program.

The reallocation of a surplus amount of CDBG funds from one existing project will allow for the creation of a new project for the 2016-17 program year requires an amendment of the Annual Action Plan. More details will be provided in the staff report for the public hearing. The public review and comment period for this Action Plan amendment begins October 17, 2016 and will end November 16, 2016.

The City Council will consider approval and adoption of the 2016/17 Annual Action Plan amendment and provide an opportunity for public comment on that action at the November 16, 2016 meeting.

FISCAL IMPACT: The Annual Action Plan amendment documents are being completed as an administrative activity that is funded through the City's CDBG administrative allocation from HUD.

FUNDING AVAILABLE: Not applicable.

_____
Stephen Schwabauer
Community Development Director

SS/jw

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **C-22**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set Public Hearing for November 16, 2016, to Consider Unmet Transit Needs in Lodi

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Set public hearing for November 16, 2016, to consider unmet transit needs in Lodi.

BACKGROUND INFORMATION: The San Joaquin Council of Governments (SJCOG) is required to conduct an annual assessment of the existing transit system prior to the allocation of Local Transportation Funds for non-transit purposes (Transportation Development Act (TDA) Section 99401.5). SJCOG, the San Joaquin Regional Transit District, and local jurisdictions are sponsoring several upcoming Unmet Transit Needs hearings in San Joaquin County, including Lodi. Any comments received from those meetings will be communicated to City staff. It should be noted that many of the comments are given directly via email to SJCOG staff throughout the year.

Unmet Transit Needs are defined as transportation services not currently provided to those residents who use or would use public transportation regularly, if available, to meet their life expectations. SJCOG's Social Services Transportation Committee will evaluate the comments received based on a reasonableness test of six criteria. The criteria include community acceptance, equity, potential ridership, cost effectiveness, operational feasibility, and funding. The funding criterion requires the imposed service does not cause the public agency to incur expenses in excess of the maximum allocation of TDA funds. Completion of the Draft Unmet Transit Needs study is tentatively scheduled for January 2017 with adoption of the Final Unmet Transit Needs study in April 2017. Dial-A-Ride transit services will be advertised in the local newspaper and available for passengers attending the public hearing on November 16, 2016.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

_____
Charles E. Swimley, Jr.
Public Works Director

Prepared by Paula J. Fernandez, Transportation Manager/Senior Traffic Engineer
CES/PJF/tdb

cc: San Joaquin Council of Governments staff
Paula Fernandez, Transportation Manager/Senior Traffic Engineer

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APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **C-23**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Set Public Hearing for November 16, 2016, to Receive Comments on and Consider Accepting City of Lodi's Report on Water Quality Relative to Public Health Goals

MEETING DATE: October 19, 2016

PREPARED BY: Public Work Director

RECOMMENDED ACTION: Set public hearing for November 16, 2016, to receive comments on and consider accepting City of Lodi's report on water quality relative to public health goals.

BACKGROUND INFORMATION: The Public Health Goals Report is prepared by Public Works staff comparing the City's drinking water with California Environmental Protection Agency's (EPA) public health goals (PHGs) and with the United States (US) EPA's maximum contaminant level goals (MCLGs). PHGs and MCLGs are not enforceable standards and no action to meet them is required.

California Code of Regulations, Title 22, Section 116470, mandates a report be prepared every three years. The report is intended to provide information to the public in addition to the City's Annual Water Quality Report, which is mailed to each customer by July of each year. On Saturday, October 22, 2016, a public notice will appear in the *Lodi News Sentinel* to inform any interested party of the Draft Public Health Goals Report availability. The draft report will also be made available on the City's website by October 22, 2016. The law also requires a public hearing be held (which can be part of a regularly scheduled public meeting) for the purpose of accepting and responding to public comment on the report.

Our water system complies with all health-based drinking water standards and maximum contaminant levels as required by the State Water Resources Control Board, Division of Drinking Water (formally California Department of Public Health) and the US EPA. No additional actions are required or recommended.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Charles E. Swimley, Jr.
Public Works Director

Prepared by Andrew Richle, Water Plant Superintendent – Public Works
CES/AR/trb

APPROVED: _____
Stephen Schwabauer, City Manager

AGENDA ITEM **G-01**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Conduct Public Hearing to Consider Adopting a Resolution Eliminating the Reduced Residential Impact Fee Structure for Low- and Medium-Density Zoning Designations

MEETING DATE: October 19, 2016

PREPARED BY: Public Works Director

RECOMMENDED ACTION: Conduct public hearing to consider adopting a resolution eliminating the Reduced Residential Impact Fee Structure for low- and medium-density zoning designations.

BACKGROUND INFORMATION: The Impact Mitigation Fee program was adopted by the Lodi City Council on August 15, 2012. At that time, residential development activity in Lodi was essentially non-existent.

At the request of the building community, and in response to the housing downturn created by the Great Recession, Council approved a reduced residential impact fee schedule to financially incentivize the development of new residential housing units in all density categories. The reduced fee schedule applies to only residential land uses and represents a discount of approximately 60 percent.

Beginning in 2014, the residential development activity in Lodi started to gain substantial momentum. Currently, there are four active residential developments totaling over 700 single-family lots, along with various, smaller infill developments that have been approved. Additionally, there are three multi-family projects consisting of nearly 400 units currently making their way through the approval process. The majority of these approved units will remain subject to the current reduced rate structure through independent development agreements that extend through December 2019.

It is projected that slightly over 600 residential units could be occupied by the end of 2019. While this projection is quite optimistic based on Lodi's historic growth rate, it is possible due to the amount of approved low- and medium-density residential units available for construction. Because most of these units are subject to the reduced fees through development agreements, it could be argued that over the next three years, the City's investment to incentivize development could reach an estimated $5 million in one-time reduced impact fees. However, it must be acknowledged this incentivized residential growth will be financially beneficial to City residents and businesses because those 600 units could also generate an estimated $600,000 annually in property tax and other revenues that will contribute to the long term financial health and stability of the community.

On July 26, 2016, Staff provided a Council shirtsleeve presentation including an overview of the current impact fee structure, the current residential development climate, and a comparison of impact fees in Lodi with surrounding cities. The focus of the presentation was eliminating the reduced residential impact fee structure. Feedback at this meeting suggests the City Council and the Building Industry Association of the

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APPROVED: _____
Stephen Schwabauer, City Manager

Greater Valley generally agree that the reduced fees have done the job to spur residential growth in the City of Lodi and it is now appropriate to eliminate the reduced fee structure. To maintain the incentive to construct high-density and infill projects, staff recommends retaining the reduced fee structure for high-density zoning designations and infill projects of all densities that consist of less than 10 lots. All reduced impact fees would expire on December 31, 2019.

On August 17, 2016, Council set a public hearing for September 7, 2016 to consider eliminating the reduced residential impact fee structure. The public hearing process was re-initiated to account for the neighborhood park fee being mistakenly excluded from the fee schedules (Exhibits A & B) attached to the August 17, 2016 Council action. Both exhibits have been revised to include the neighborhood park fee, and the public hearing scheduled for September 7, 2016 was continued until October 19, 2016.

The summary of the regular fees is provided in Exhibit A. A summary of the reduced fees is provided in Exhibit B. The action requested is to conduct the public hearing to consider adopting a resolution eliminating the reduced residential impact fee structure for low- and medium-density zoning designations effective December 19, 2016.

FISCAL IMPACT: Building projections suggest the reduced impact fees, along with the improved economy have resulted in substantial building activity that will generate approximately $1,000 per unit annually in property taxes and other revenues. Continued underfunding of the City's Development Impact Fee Program is not recommended.

FUNDING AVAILABLE: Not applicable.

_____
Charles E. Swimley Jr.
Public Works Director

CES/CES/tdb
Attachments

Exhibit A
Impact Mitigation Fee Program
Schedule of Fees

Table A-1: Water and Wastewater Fees

Meter Size	Water	Wastewater
5/8-inch meter	$2,079	$2,831
3/4-inch meter	$3,103	$4,225
1-inch meter	$5,181	$7,056
1 1/2-inch meter	$10,332	$14,070
2-inch meter	$16,537	$22,521
3-inch meter	$31,026	$42,253
4-inch meter	$51,721	$70,435
6-inch meter	$103,411	$140,828
8-inch meter	$165,464	$225,333
10-inch meter	$237,880	$323,951

Table A-2: Transportation, Police, Fire, General City Facilities, Park and Art in Public Places Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density	Medium Density	High Density	Retail	Office/ Medical	Industrial
Fee Component	(per Unit)	(per Unit)	(per Unit)	(per 1,000 SF)	(per 1,000 SF)	(per 1,000 SF)
Transportation	$711	$386	$386	$1,199	$872	$443
Police	$753	$634	$528	$330	$528	$176
Fire	$385	$324	$270	$338	$540	$180
Park (Citywide)	$3,890	$3,276	$2,730	$406	$650	$217
Park (Neighboorhood)	$2,541	$2,140	$1,783	$266	$428	N/A
General City Facilities	$617	$519	$433	$270	$433	$144
Art in Public Places	$80	$67	$56	$35	$56	$19

Table A-3: Residential Electric Utility Fees

	240 Volts
Single Phase Panel	
60 amps	$248
100 amps	$413
125 amps	$516
200 amps	$826
400 amps	$1,652
600 amps	$2,478

Table A-4: Non-Residential Electric Utility Fees

	208 Volts	240 Volts	480 Volts
Single Phase Panel			
60 amps	n/a	$248	n/a
100 amps	n/a	$413	n/a
125 amps	n/a	$516	n/a
200 amps	n/a	$826	n/a
400 amps	n/a	$1,652	n/a
600 amps	n/a	$2,478	n/a
Three Phase Panel			
200 amps	$1,178	$1,359	$2,718
400 amps	$2,356	$2,718	$5,437
600 amps	$3,534	$4,077	$8,155
800 amps	$4,712	$5,437	$10,873
1000 amps	$5,890	n/a	$13,591
1200 amps	$7,068	n/a	$16,310
1600 amps	$9,423	n/a	$21,746
2000 amps	$11,779	n/a	$27,183
2500 amps	$14,724	n/a	$33,979
3000 amps	$17,669	n/a	$40,774

Table A-5: Storm Drainage Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
Fee Component	**Low Density** (per Unit)	**Medium Density** (per Unit)	**High Density** (per Unit)	**Retail** (per Acre)	**Office/ Medical** (per Acre)	**Industrial** (per Acre)
Storm Drainage - Zone 1	$1,394	$697	$561	$14,640	$14,640	$15,686
Storm Drainage - Zone 2	$4,237	$2,118	$1,703	$44,485	$44,485	$47,663

Table A-6: South Wastewater Trunk Line Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
Fee Component	**Low Density** (per Unit)	**Medium Density** (per Unit)	**High Density** (per Unit)	**Retail** (per 1,000 sf)	**Office/ Medical** (per 1,000 sf)	**Industrial** (per 1,000 sf)
South Wastewater Trunk Line[1]	$1,181	$994	$829	$1,096	n/a	n/a

[1] Applies only to development that will benefit from construction of the wastewater trunk line serving the southern area of the City.

Exhibit B
Impact Mitigation Fee Program
Schedule of Reduced Fees

Table B-1: Water and Wastewater Fees

	Residential		Non-Residential	
Meter Size	**Water**	**Wastewater**	**Water**	**Wastewater**
5/8-inch meter	$846	$1,152	$2,079	$2,831
3/4-inch meter	$1,263	$1,720	$3,103	$4,225
1-inch meter	$2,109	$2,873	$5,181	$7,056
1 1/2-inch meter	$4,206	$5,728	$10,332	$14,070
2-inch meter	$6,732	$9,168	$16,537	$22,521
3-inch meter	$12,631	$17,201	$31,026	$42,253
4-inch meter	$21,056	$28,674	$51,721	$70,435
6-inch meter	$42,099	$57,331	$103,411	$140,828
8-inch meter	$67,360	$91,733	$165,464	$225,333
10-inch meter	$96,841	$131,880	$237,880	$323,951

Table B-2: Transportation, Police, Fire, General City Facilities, Park and Art in Public Places Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
Fee Component	**Low Density** (per Unit)	**Medium Density** (per Unit)	**High Density** (per Unit)	**Retail** (per 1,000 SF)	**Office/ Medical** (per 1,000 SF)	**Industrial** (per 1,000 SF)
Transportation	$289	$157	$157	$1,199	$872	$443
Police	$307	$258	$215	$330	$528	$176
Fire	$157	$132	$110	$338	$540	$180
Park (Citywide)	$1,584	$1,334	$1,111	$406	$650	$217
Park (Neighborhood)	$1,016	$856	$713	$266	$428	N/A
General City Facilities	$251	$211	$176	$270	$433	$144
Art in Public Places	$33	$27	$23	$35	$56	$19

Table B-3: Residential Electric Utility Fees

	240 Volts
Single Phase Panel	
60 amps	$101
100 amps	$168
125 amps	$210
200 amps	$336
400 amps	$673
600 amps	$1,009

Table B-4: Non-Residential Electric Utility Fees

	208 Volts	240 Volts	480 Volts
Single Phase Panel			
60 amps	n/a	$248	n/a
100 amps	n/a	$413	n/a
125 amps	n/a	$516	n/a
200 amps	n/a	$826	n/a
400 amps	n/a	$1,652	n/a
600 amps	n/a	$2,478	n/a
Three Phase Panel			
200 amps	$1,178	$1,359	$2,718
400 amps	$2,356	$2,718	$5,437
600 amps	$3,534	$4,077	$8,155
800 amps	$4,712	$5,437	$10,873
1000 amps	$5,890	n/a	$13,591
1200 amps	$7,068	n/a	$16,310
1600 amps	$9,423	n/a	$21,746
2000 amps	$11,779	n/a	$27,183
2500 amps	$14,724	n/a	$33,979
3000 amps	$17,669	n/a	$40,774

Table B-5: Storm Drainage Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per Acre)	Office/ Medical (per Acre)	Industrial (per Acre)
Storm Drainage - Zone 1	$567	$284	$228	$14,640	$14,640	$15,686
Storm Drainage - Zone 2	$1,556	$778	$627	$40,834	$40,834	$43,871

Table B-6: South Wastewater Trunk Line Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
Fee Component	Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	Retail (per 1,000 sf)	Office/ Medical (per 1,000 sf)	Industrial (per 1,000 sf)
South Wastewater Trunk Line[1]	$481	$405	$337	$446	n/a	n/a

[1] Applies only to development that will benefit from construction of the wastewater trunk line serving the southern area of the City.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
ELIMINATING THE REDUCED RESIDENTIAL IMPACT
FEE STRUCTURE FOR LOW- AND MEDIUM-DENSITY
ZONING DESIGNATIONS

==========

WHEREAS, Resolution No. 2012-142 approved Impact Mitigation Fee Program Schedule of Reduced Fees; and

WHEREAS, the reduced fee schedule applies to only residential land uses and represents a discount of approximately 60 percent; and

WHEREAS, staff recommends elimination of the reduced residential impact fee structure for low- and medium-density zoning designations effective December 19, 2016.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby eliminate the reduced residential impact fee structure for low- and medium-density zoning designations, as outlined on Exhibit A, attached hereto and made a part of this Resolution, with an effective date of December 19, 2016.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

Exhibit A
Impact Mitigation Fee Program
Schedule of Fees

Table A-1: Water and Wastewater Fees

Meter Size	Water	Wastewater
5/8-inch meter	$2,079	$2,831
3/4-inch meter	$3,103	$4,225
1-inch meter	$5,181	$7,056
1 1/2-inch meter	$10,332	$14,070
2-inch meter	$16,537	$22,521
3-inch meter	$31,026	$42,253
4-inch meter	$51,721	$70,435
6-inch meter	$103,411	$140,828
8-inch meter	$165,464	$225,333
10-inch meter	$237,880	$323,951

Table A-2: Transportation, Police, Fire, General City Facilities, Park and Art in Public Places Fees

	RESIDENTIAL LAND USES			NON-RESIDENTIAL LAND USES		
	Low Density	Medium Density	High Density	Retail	Office/ Medical	Industrial
Fee Component	(per Unit)	(per Unit)	(per Unit)	(per 1,000 SF)	(per 1,000 SF)	(per 1,000 SF)
Transportation	$711	$386	$386	$1,199	$872	$443
Police	$753	$634	$528	$330	$528	$176
Fire	$385	$324	$270	$338	$540	$180
Park (Citywide)	$3,890	$3,276	$2,730	$406	$650	$217
Park (Neighboorhood)	$2,541	$2,140	$1,783	$266	$428	N/A
General City Facilities	$617	$519	$433	$270	$433	$144
Art in Public Places	$80	$67	$56	$35	$56	$19

Table A-3: Residential Electric Utility Fees

	240 Volts
Single Phase Panel	
60 amps	$248
100 amps	$413
125 amps	$516
200 amps	$826
400 amps	$1,652
600 amps	$2,478

Table A-4: Non-Residential Electric Utility Fees

	208 Volts	240 Volts	480 Volts
Single Phase Panel			
60 amps	n/a	$248	n/a
100 amps	n/a	$413	n/a
125 amps	n/a	$516	n/a
200 amps	n/a	$826	n/a
400 amps	n/a	$1,652	n/a
600 amps	n/a	$2,478	n/a
Three Phase Panel			
200 amps	$1,178	$1,359	$2,718
400 amps	$2,356	$2,718	$5,437
600 amps	$3,534	$4,077	$8,155
800 amps	$4,712	$5,437	$10,873
1000 amps	$5,890	n/a	$13,591
1200 amps	$7,068	n/a	$16,310
1600 amps	$9,423	n/a	$21,746
2000 amps	$11,779	n/a	$27,183
2500 amps	$14,724	n/a	$33,979
3000 amps	$17,669	n/a	$40,774

Table A-5: Storm Drainage Fees

Fee Component	RESIDENTIAL LAND USES Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	NON-RESIDENTIAL LAND USES Retail (per Acre)	Office/ Medical (per Acre)	Industrial (per Acre)
Storm Drainage - Zone 1	$1,394	$697	$561	$14,640	$14,640	$15,686
Storm Drainage - Zone 2	$4,237	$2,118	$1,703	$44,485	$44,485	$47,663

Table A-6: South Wastewater Trunk Line Fees

Fee Component	RESIDENTIAL LAND USES Low Density (per Unit)	Medium Density (per Unit)	High Density (per Unit)	NON-RESIDENTIAL LAND USES Retail (per 1,000 sf)	Office/ Medical (per 1,000 sf)	Industrial (per 1,000 sf)
South Wastewater Trunk Line[1]	$1,181	$994	$829	$1,096	n/a	n/a

[1] Applies only to development that will benefit from construction of the wastewater trunk line serving the southern area of the City.

Please immediately confirm receipt of this fax by calling 333-6702

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: **CONTINUED PUBLIC HEARING TO CONSIDER ADOPTING RESOLUTION ELIMINATING REDUCED RESIDENTIAL IMPACT FEE STRUCTURE FOR LOW- AND MEDIUM-DENSITY ZONING DESIGNATIONS**

PUBLISH DATE: **SATURDAY, SEPTEMBER 10, 2016**

LEGAL AD

TEAR SHEETS WANTED: **One (1) please**

SEND AFFIDAVIT AND BILL TO:
LNS ACCT. #0510052

JENNIFER M. FERRAIOLO, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, SEPTEMBER 8, 2016

ORDERED BY: JENNIFER M. FERRAIOLO
CITY CLERK

Pamela M. Farris
PAMELA M. FARRIS
DEPUTY CITY CLERK

ELIZABETH BURGOS
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

LNS _____ Emailed to the Sentinel at dianer@lodinews.com at _____(time) on _____(date) _____(pages)
Phoned to confirm receipt of all pages at _____(time) ____EB ____PMF (initials)

forms\advins.doc

DECLARATION OF POSTING

NOTICE OF CONTINUED PUBLIC HEARING TO CONSIDER RESOLUTION ELIMINATING REDUCED RESIDENTIAL IMPACT FEE STRUCTURE FOR LOW- AND MEDIUM-DENSITY ZONING DESIGNATIONS

On Thursday, September 8, 2016, in the City of Lodi, San Joaquin County, California, a copy of a Notice of Continued Public Hearing to consider resolution eliminating reduced Residential Impact Fee Structure for Low- and Medium-Density Zoning designations (attached hereto, marked Exhibit "A") was posted at the following locations:

Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum
WorkNet Office

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 8, 2016, at Lodi, California.

ORDERED BY:

JENNIFER M. FERRAIOLO
CITY CLERK

Pamela M. Farris
PAMELA FARRIS
DEPUTY CITY CLERK

ELIZABETH BURGOS
ADMINISTRATIVE CLERK

CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF CONTINUED PUBLIC HEARING

Date: **October 19, 2016**
Time: **7:00 p.m.**

For information regarding this notice please contact:
Jennifer M. Ferraiolo
City Clerk
Telephone: (209) 333-6702

EXHIBIT A

NOTICE OF CONTINUED PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, October 19, 2016**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a continued public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

a) **Resolution eliminating reduced Residential Impact Fee Structure for Low- and Medium-Density Zoning designations.**

Information regarding this item may be obtained in the Public Works Department, 221 West Pine Street, Lodi, (209) 333-6706. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

Jennifer M. Ferraiolo
City Clerk

Dated: **September 7, 2016**

Approved as to form:

Janice D. Magdich
City Attorney

AGENDA ITEM **H-01**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Appointment to the Site Plan and Architectural Review Committee; and Post for Expiring Terms on the Lodi Senior Citizens Commission, Recreation Commission, and Personnel Board of Review

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Concur with the Mayor's recommended appointment to the Site Plan and Architectural Review Committee; and post for expiring terms on the Lodi Senior Citizens Commission, Recreation Commission, and Personnel Board of Review.

BACKGROUND INFORMATION: On July 20, 2016, City Council directed the City Clerk to post for one vacancy on the Site Plan and Architectural Review Committee. The Mayor reviewed the applications, conducted interviews, and recommends that the City Council concur with the appointment detailed below.

Two terms on both the Lodi Senior Citizens Commission and the Recreation Commission are due to expire on December 31, 2016, and three terms are due to expire on the Personnel Board of Review on January 1, 2017. It is recommended that the City Council direct the City Clerk to post these vacancies for 30 days. Government Code Section 54970 et seq. requires that the City Clerk post for vacancies to allow citizens interested in serving to submit an application.

APPOINTMENT:

Site Plan and Architectural Review Committee

Wendel Kiser — Term to expire January 1, 2019

NOTE: 6 applicants (0 applicants seeking reappointment; 5 new applications; 1 application on file); posting ordered 7/20/16; application deadline – 9/6/16.

POSTINGS:

Lodi Senior Citizens Commission

Robert N. Anderson — Term to expire December 31, 2016
Julie Whiteley — Term to expire December 31, 2016

Recreation Commission

Larry Long — Term to expire December 31, 2016
Breanna Meyer — Term to expire December 31, 2016

APPROVED: _____
Stephen Schwabauer, City Manager

N:\Administration\CLERK\Council\COUNCOM\Appointment_SPARC.doc

Personnel Board of Review

Ed Miller	Term to expire January 1, 2017
Bill Russell	Term to expire January 1, 2017
Jim Schweickardt	Term to expire January 1, 2017

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

_____
Jennifer M. Ferraiolo
City Clerk

JMF/PMF

AGENDA ITEM **H-02**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Monthly Protocol Account Report

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: None required, information only.

BACKGROUND INFORMATION: The City Council, at its meeting of July 19, 2000, adopted Resolution No. 2000-126 approving a policy relating to the City's "Protocol Account." As a part of this policy, it was directed that a monthly itemized report of the "Protocol Account" be provided to the City Council.

Attached please find the cumulative report through September 30, 2016.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: See attached.

Jennifer M. Ferraiolo
City Clerk

JMF/PMF

Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

council/councom/protocolreport.doc

PROTOCOL ACCOUNT SUMMARY
FISCAL YEAR 2016-17
Cumulative Report through September 30, 2016

Date	Vendor	Description	Amount	Balance
				Starting Bal. $6,500.00
8/23/16	McKinley Frame Shop	Frames for Mayors' Portraits	$494.80	$6,005.20
9/26/16	Creative Trophy & Engraving	37 Gold Tags/Engraving for 1 Tag for Wall of Mayors Project	$74.03	$5,931.17
			Total Expenditures: ($568.83)	*Ending Bal.* **$5,931.17**

Prepared by: PMF

AGENDA ITEM **I-01A**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Approving Budget and Fiscal Policies

MEETING DATE: October 19, 2016

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution approving Budget and Fiscal Policies

BACKGROUND INFORMATION: One of the goals identified by staff and approved by Council in mid-2015 was the development of a comprehensive set of financial policies. Budgetary policies were last included in the 2005-06 budget document. Staff brought forward information in the Shirtsleeve meetings of February 2, 2016 and February 9, 2016 regarding parameters for Operating Budget and Reserve policies and Long-Range Budget Policies. Council provided feedback in those sessions that staff has incorporated into the draft policies that were presented to Council in the Shirtsleeve meeting of September 3, 2016.

During the February Shirtsleeve meeting, Council was advised that the creation and adoption of these policies would be a multi-stage process. Information gathering would occur in the February sessions. Staff would take the information received and draft policies. Council would then review and adopt the policies. Finally, Council would implement the policies in conjunction with the fiscal year 2017/18 budget.

Council has reviewed the draft policies and we are now at the point of adopting the final policies.

The only change to the draft policies Council reviewed in September is the addition of language regarding adopting the annual Appropriation Limit. The Appropriation Limit is a state mandate that Council has followed and was inadvertently omitted from the draft policies.

FISCAL IMPACT: None at this time.

FUNDING AVAILABLE: Not applicable.

_____
Jordan Ayers
Deputy City Manager

APPROVED: _____
Stephen Schwabauer, City Manager

City of Lodi

Budget and Fiscal Policies

Adopted October 19, 2016

1. Purpose

The City's primary financial objective is to maintain the fiscal stability of the organization. The purpose of this policy is to establish guidelines for budget development, administration, and management as well as outline the City's fiscal policies in regard to cost recovery of various programs, target reserve levels in all funds and funding mechanisms for various programs.

2. Budget Development

The budget will reflect the goals and priorities of the Council each year and make the best use of available funding within those goals and priorities. While goals and priorities may change from year to year, some basic tenets will apply to all budgets. Those tenets are reflected below.

A. The General Fund budget will be balanced each year, without the use of reserves. Current year revenues will support current year expenditures.

B. One-time revenue will be used to fund one-time expenditures or be placed in reserves. One-time revenue will not be used to fund on-going operations.

C. Annual budgetary savings will be used to fund one-time expenditures or be placed in reserves.

D. Funding for the Vehicle Replacement Fund shall be based upon annual depreciation schedules for vehicles and amounts will be reflected in departmental budgets.

E. Funding for the Other Post-Employment Benefits (OPEB) Fund shall be based upon the Actuarial Required Contribution shown in the actuarial report and charged to fund based upon ratio of full time positions.

F. Funding for the Pension Stabilization Fund shall be based upon the ratio of annual budgeted pension costs by fund.

G. Funding for the Information Technology (IT) Replacement Fund shall be based upon the replacement cycle for equipment contained in the fund.

H. Budgetary allotments for OPEB, Pension Stabilization and IT Replacement shall be reflected in the Non-Departmental Organization Unit for all General Fund units.

    a. Special Revenue, Enterprise and Internal Service funds will reflect budgetary allotments for these items within their respective funds.

I. Fixed Assets

    a. Capital purchases of $10,000 or more, with a three year useful life, will be capitalized.

    b. Infrastructure additions or new construction of $10,000 or more will be capitalized.

    c. Vehicle purchases of any amount will be capitalized and useful lives will be determined based upon the Government Finance Officers Association Best Practices guidelines.

    d. Straight line depreciation will be used for all depreciable assets.

J. Library

    a. The Library is primarily funded through a transfer from the General Fund. Council will set the level of funding each year based upon available General Fund revenue.

K. Parks, Recreation and Cultural Services (PRCS)

    a. Recreation and Community Center Programs

        i. The goal is to recover, on average, 40% of program costs from participants. Individual programs may be fully self-supporting while other programs may have a nominal cost recovery ratio.

    b. General Fund Transfer

        i. The General Fund Transfer shall be determined by Council each year. The intent of the General Fund Transfer is to cover the costs associated with Parks Maintenance, PRCS administration, Debt Service and Hutchins Street Square Maintenance.

L. Community Development

a. The Community Development Department should primarily be self-supporting through fee revenue.

b. A General Fund Transfer, determined by Council each year, will be designed to support the value of the general information function that the department provides and support at least one-half of the costs associated with a Youth Outreach function designed to divert youth involvement in gang activities.

M. Enterprise Funds

a. Enterprise funds will set fees and rates at levels that meet operating, debt service, capital and reserve needs.

N. Internal Service Funds

a. Internal Service funds will set rates and charges at levels that will ensure full recovery of costs each year.

3. Budget Administration and Adjustment

The City Council is ultimately responsible to the public for the delivery and conduct of City services and facilities. Accordingly, the Council appropriates funds to ensure the delivery of services at the levels and in the priority established by Council. The legal level of budgetary control is at the department level.

A. City Manager

The City Manager, as the chief administrative officer, provides staff with general direction in the development and formulation of the City Manager's budget recommendations to Council. This includes: evaluating and assessing current and anticipated issues facing the City; determining the demand for services and facilities; identifying the concerns of the citizenry; assessing the current and projected financial condition of the City; and determining the final staffing recommendations.

B. Deputy City Manager/Internal Services Director

The Deputy City Manager/Internal Services Director, as the chief financial officer, is responsible for budget development and day-to-day administration of adopted budgets. This includes: developing and issuing the budget instructions and calendar; advising the City Manager on budget policies and issues, including

the recommended level of funding for each department within the General Fund; reviewing budget requests to ensure they are complete and accurate; preparing the preliminary budget recommendations for review by the City Manager; and publishing the approved budget, Capital Improvement Plan, and Budget in Brief documents.

C. Department Directors

Department directors are responsible for preparing their operating and capital budget requests in accordance with the City's budget instructions and managing their respective departments within their approved budget allotments.

D. Failure to Adopt a Budget

If the City fails to adopt the budget by July 1, the City Council may elect one of the following courses of action until passage of a budget and appropriation of funds: (1) Provide the City Manager with Continuing Resolution Authority to allow continued services at expenditure levels not greater than those in the prior year budget; or (2) Require staff to obtain prior approval for any expenditure (payment) of City funds.

E. Public Record

The budget document will be available on-line at the City's website (www.lodi.gov). Hard copies will be available for public review at the Lodi Public Library, City Hall and the Carnegie Forum.

F. Budget Adjustments

a. City Council approval is required for any increase in appropriations.

b. The City Manager and Deputy City Manager have the authority to adjust appropriations within a fund, so long as total appropriations within the fund do not increase.

c. Department directors have the authority to adjust appropriations within their departmental funds, so long as total appropriations within the departmental funds do not increase.

4. Appropriation Limit

The Council will annually adopt a resolution establishing its appropriate limit calculated in accordance with Article XIIIB of the Constitution of the State of California, Section 7900 of the State of California Government Code, and any other voter-approved amendments or state legislation that affect the City's appropriation limit.

5. Components of Fund Balance

A. Governmental Accounting Standards Board Statement Number 54 – Fund Balance Reporting and Governmental Fund Type Definitions outlines the requirements to report fund balance for governmental funds in specific classifications which create a hierarchy primarily based upon the extent to which a City is bound to constraints on the specific purposes for which the funds can be spent. Fund Balance consists of the following five categories:

i. Non-spendable fund balance: amounts that cannot be spent because they are either (a) not in a spendable form (e.g., inventories or pre-paids) or (b) legally or contractually required to be maintained intact (e.g., endowment).

ii. Restricted fund balance: amounts that can only be spent for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (e.g., grants, gas tax, impact fees).

iii. Committed fund balance: amounts that can be used for the specific purposes determined by formal action of the government's highest level of decision making authority. Committed fund balance can be changed only by the government taking the same formal action that initially created the commitment. (e.g., Council approved catastrophic or economic reserves).

iv. Assigned fund balance: amounts that are intended to be used by the government for specific purposes. Intent can be established by either the governing body or delegated to a City official. (e.g., amount of unassigned fund balance intended to be used to pay for future salary and benefit increases).

v. Unassigned fund balance: the remaining amount of fund balance after all other fund balance classifications are accounted for and can be either positive or negative. Positive unassigned fund balance is available for any purpose.

6. Fund Balance Policies

A. Committing Fund Balance

i. The City Council is the City's highest level of decision making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution or ordinance approved by the City Council at a City Council meeting. For reporting purposes, the resolution or ordinance approving, modifying or rescinding a fund balance commitment must be approved prior to the last day of the fiscal year for which the commitment is to be reported. The amount of the commitment may be determined in a subsequent period.

B. Assigning Fund Balance

i. The City Council retains the authority to assign fund balance.

C. Hierarchy of Fund Balance Use

i. When multiple categories of fund balance are available for expenditure, the City will spend the most restrictive funds first before moving down to the next category with available funds in the following order:

1. Restricted
2. Committed
3. Assigned
4. Unassigned.

7. General Fund Reserves

Maintaining reserves in the General Fund is critical to the successful and stable short- and long-term operations of the City. Adequate reserves in the General Fund ensure that the City is able to respond to emergencies and continue providing services to the citizens of Lodi. Adequate reserves also ensure that the City will have sufficient funds available to meet its operating, capital and debt service obligations.

A. Catastrophic Reserve

i. A Catastrophic Reserve is established within the General Fund. This reserve is established to maintain the ability of the City to meet operational expenses during times of declared emergency or major catastrophe.

1. It is recognized that during a time of emergency, the City will need to expend more resources than normal operations dictate to meet the community's need. In addition to an increased level of expenditure, the tax base of the City may be impaired after a major catastrophic event.

ii. The amount of the Catastrophic Reserve shall be a minimum of 8% of annual General Fund revenues, including Operating Transfers.

iii. The Catastrophic Reserve shall be exclusive of all other reserve amounts.

iv. Council may draw on the Catastrophic Reserve only upon declaration of an emergency pursuant to the Lodi Municipal Code.

v. If the Catastrophic Reserve falls below 5% of annual General Fund revenue, including Operating Transfers, the City Manager shall prepare a plan within three months of Council approval of the Comprehensive Annual Financial Report (CAFR) to restore the reserve balance to the 5% level within 12 months and the 8% level within 24 months.

vi. The Catastrophic Reserve is not intended for normal unanticipated expenditures and shall be funded before all other committed General Fund reserves.

B. Economic Reserve

i. An Economic Reserve is established within the General Fund. This reserve is established to maintain the City's economic viability and to meet seasonal cash flow needs.

1. It is recognized that economic cycles can cause significant fluctuations in the revenue streams of the City and the recovery from down cycles can be prolonged and affect service levels to the community dramatically. The Economic Reserve is intended to assist the City in maintaining service levels while revenues recover from a down economic cycle.

ii. The amount of the Economic Reserve shall be a minimum of 8% of annual General Fund revenues, including Operating Transfers.

iii. The Economic Reserve shall be exclusive of all other reserve amounts.

iv. Council may draw on the Economic Reserve only upon adoption of a resolution of the City Council.

v. If the Economic Reserve falls below 5% of annual General Fund revenue, including Operating Transfers, the City Manager shall prepare a plan within three months of Council approval of the Comprehensive Annual Financial Report (CAFR) to restore the reserve balance to the 5% level within 12 months and the 8% level within 24 months.

vi. The Economic Reserve is not intended to be used to encourage development through the expansion of infrastructure to undeveloped areas of the City and shall be funded once the General Fund Catastrophic Reserve is fully funded.

8. Special Revenue Fund Reserves

Maintaining reserves in the City's Special Revenue Funds is also critical to the successful and stable short- and long-term operations of the City. Adequate reserves in the Special Revenue Funds, where appropriate, ensure that the City is able to carry out the purpose of the special revenue fund and ensure compliance with underlying laws and contractual provisions associated with the funds. Additionally, bond rating agencies often evaluate a City's General Fund financial resilience by looking at reserves that may be drawn from Special Revenue funds to help support General Fund activities.

A. Library

i. Since the Library is primarily funded by a General Fund transfer, there is no need to duplicate reserves associated with the transfer amount within the Library Fund.

ii. Reserves within the Library Fund should be maintained at a minimum level of 16% of annual Non-General Fund Transfer revenue.

1. Any excess reserves not otherwise designated by Council may be returned to the General Fund annually for use as directed by Council.

B. Parks, Recreation and Cultural Services (PRCS)

i. Since a significant portion of PRCS revenue comes from a General Fund transfer, there is no need to duplicate reserves associated with the transfer amount within the PRCS fund.

ii. Reserves within the PRCS Fund should be maintained at a minimum level of 16% of annual Non-General Fund Transfer revenue.

1. Any excess reserves not otherwise designated by Council may be returned to the General Fund annually for use as directed by Council.

C. Community Development

i. The Community Development Fund is primarily self-supporting from fee revenue associated with development activities. The activities and financing of this fund are subject to wide fluctuations based upon the state of the development economy. Many of the fees assessed are collected ahead of services being provided. In the event of an economic downturn, the fund will have collected fees for services that have not yet been provided. As such, it is prudent to carry a large reserve to recognize that the reserve represents services that have not yet been provided.

ii. Reserves within the Community Development Fund should be maintained at a minimum level of 50% of annual operating expenses, including transfers.

D. Vehicle Replacement

i. Reserves in the Vehicle Replacement fund should be maintained equal to the accumulated depreciation of the vehicles in the fund.

E. Information Technology Replacement

i. Reserves in the Information Technology Replacement fund should be maintained equal to the accumulated depreciation of the equipment in the fund.

F. Other Special Revenue Funds

i. All reserve balances in the following funds are Restricted by the terms of the funds:

1. Streets
2. Transportation Development Act
3. Community Development Block Grant
4. Debt Service
5. Public Safety Special Revenue

6. General Fund Capital Outlay
7. Parks Capital Outlay
8. Vehicle and Equipment Replacement

9. Enterprise Fund Reserves

Maintaining reserves in the City's Enterprise Funds is also critical to the successful and stable short- and long-term operations of the City. Adequate reserves in the Enterprise Funds ensures that the City is able to carry out the purpose of the fund and ensures compliance with underlying laws and contractual provisions associated with the funds. Among other metrics, bond rating agencies review compliance with reserve policies in determining credit ratings.

A. Electric Utility

i. The City Council separately adopts a reserve policy for the Electric Utility and reviews the components of the policy every three years. As part of the annual budget process, Council is apprised of the level of reserves desired under that policy.

B. Water Utility

i. The City Council has adopted a financial model for the Water Enterprise that incorporates a reserve target of 25% of Operating Expenses.

ii. Additionally, all funds collected in relation to PCE/TCE rates or settlements are restricted to use solely for the mitigation and remediation of those pollutants.

C. Wastewater Utility

i. The City Council has adopted a financial model for the Wastewater Enterprise that incorporates a reserve target of 25% of Operating Expenses.

D. Transit

i. All reserve funds in the Transit Enterprise are restricted as to use solely for transit purposes.

10. Internal Service Fund Reserves

Maintaining reserves in the City's Internal Service Funds demonstrates fiscal accountability and financial prudence. Adequate reserves in the Internal Service Funds ensure that the City has set aside sufficient funds to meet the future obligations it has committed to provide to its employees. Additionally, bond rating agencies review these funds and look favorably upon entities that are funding the long-term liabilities represented in the City's Internal Service Funds.

A. Benefits Fund

   i. Other Post-Employment Benefits (OPEB)

      1. Reserves equal to the annual pay-as-you-go expense should be held in reserve locally.

      2. Additional funds may be held in a third-party trust.

   ii. Long Term Disability

      1. The City is self-insured for a long-term disability program. Reserves equal to three times the annual expense should be held locally.

   iii. Pension Stabilization

      1. Reserves should be set aside to amortize the unfunded pension liability over, at most, a 30-year period.

      2. Funds may be held locally or in a third-party trust.

B. General Liability Insurance Fund

   i. Reserves equal to a minimum of three times the Self-Insured Retention level should be held locally.

   ii. Funds above the minimum reserve level may be retained in this fund as a means of mitigating future program cost increases, rebated to the paying funds or transferred to other funds at Council discretion.

C. Workers Compensation Fund

   i. Reserves, at a minimum, equal to the 70% confidence level shown in the annual actuarial report should be held locally.

ii. Funds above the minimum reserve level may be retained in this fund as a means of mitigating future program cost increases, rebated to the paying funds or transferred to other funds at Council discretion.

D. Fleet Maintenance Fund

i. Reserves equal to a minimum of 16% of Operating Expenses shall be held in the Fleet Maintenance Fund.

11. Capital Improvement Plan

The City is committed to ensuring that all of its assets are operated, maintained and replaced in a manner that is the most prudent method of maintaining the public stewardship of those assets. To that end, the City will prepare and update annually a Capital Improvement Plan (CIP) that encompasses those assets and looks out over a five year lifespan. The first year of the five year plan will be the current budget year. The Internal Services Department will be responsible for gathering the data for inclusion in the plan.

A. CIP Projects

Construction projects that are expected to cost $10,000 or more should be included in the CIP. Projects will be a combination of projects that repair, replace or enhance existing facilities, equipment or infrastructure and projects that expand or add to the City's existing fixed assets. Vehicles and equipment (rolling stock) are not to be included in the CIP.

B. CIP Appropriations

Approval of the CIP and the projects contained within it does not constitute appropriation of the funds necessary or designation of the funds necessary to complete the project. Annual appropriations for CIP costs will be included in the annual budget. Carryforward of funds on approved contracts will follow City year end procedures.

C. Elements of the CIP

Each project listed in the CIP will address the following items:

a. project description

b. project timeline

c. anticipated funding sources

d. estimated expenditures

e. revenues and expenditures will be reflected by fiscal year over the five-year timespan of the CIP

f. estimated annual on-going operating and maintenance costs

12. Encumbrance Accounting

Encumbrances represent commitments to contracts not yet performed and orders not yet filled. They are used to control expenditure commitments for the year and to enhance cash management. Encumbrances do not represent expenditures for a period, only a commitment to expend resources. As a contract is completed, the budgetary encumbrance control accounts are liquidated or reduced and the actual expenditure is recorded.

A. Lapsing Appropriations

a. General Fund – all encumbered funds, except those related to a fixed-asset purchase, lapse at the end of each fiscal year.

b. Capital Projects – encumbered funds associated with construction contracts do not lapse. However, encumbered funds associated with staff costs on construction projects do lapse and should be re-appropriated each fiscal year.

13. Review and Update

These policies will be in place for the fiscal year 2017/18 budget. These policies will be reviewed and updated every two years in odd numbered years in conjunction with the approval of the annual budget. The next review cycle will be in conjunction with the fiscal year 2019/20 budget.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING BUDGET AND FISCAL POLICIES

==========

WHEREAS, the City Council held Shirtsleeve meetings on February 2, February 9, and September 13, 2016, to discuss a comprehensive set of budget and fiscal policies; and

WHEREAS, establishing budget and fiscal policies is a prudent best practice for local government agencies; and

WHEREAS, establishing budget and fiscal policies provides a framework for current and future decisions.

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Budget and Fiscal Policies, attached hereto as Exhibit A.

Dated: October 19, 2016
==========

I hereby certify that Resolution No. 2016-____ was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

EXHIBIT A

City of Lodi

Budget and Fiscal Policies

Adopted October 19, 2016

1. Purpose

The City's primary financial objective is to maintain the fiscal stability of the organization. The purpose of this policy is to establish guidelines for budget development, administration, and management as well as outline the City's fiscal policies in regard to cost recovery of various programs, target reserve levels in all funds and funding mechanisms for various programs.

2. Budget Development

The budget will reflect the goals and priorities of the Council each year and make the best use of available funding within those goals and priorities. While goals and priorities may change from year to year, some basic tenets will apply to all budgets. Those tenets are reflected below.

A. The General Fund budget will be balanced each year, without the use of reserves. Current year revenues will support current year expenditures.

B. One-time revenue will be used to fund one-time expenditures or be placed in reserves. One-time revenue will not be used to fund on-going operations.

C. Annual budgetary savings will be used to fund one-time expenditures or be placed in reserves.

D. Funding for the Vehicle Replacement Fund shall be based upon annual depreciation schedules for vehicles and amounts will be reflected in departmental budgets.

E. Funding for the Other Post-Employment Benefits (OPEB) Fund shall be based upon the Actuarial Required Contribution shown in the actuarial report and charged to fund based upon ratio of full time positions.

F. Funding for the Pension Stabilization Fund shall be based upon the ratio of annual budgeted pension costs by fund.

G. Funding for the Information Technology (IT) Replacement Fund shall be based upon the replacement cycle for equipment contained in the fund.

H. Budgetary allotments for OPEB, Pension Stabilization and IT Replacement shall be reflected in the Non-Departmental Organization Unit for all General Fund units.

   a. Special Revenue, Enterprise and Internal Service funds will reflect budgetary allotments for these items within their respective funds.

I. Fixed Assets

   a. Capital purchases of $10,000 or more, with a three year useful life, will be capitalized.

   b. Infrastructure additions or new construction of $10,000 or more will be capitalized.

   c. Vehicle purchases of any amount will be capitalized and useful lives will be determined based upon the Government Finance Officers Association Best Practices guidelines.

   d. Straight line depreciation will be used for all depreciable assets.

J. Library

   a. The Library is primarily funded through a transfer from the General Fund. Council will set the level of funding each year based upon available General Fund revenue.

K. Parks, Recreation and Cultural Services (PRCS)

   a. Recreation and Community Center Programs

      i. The goal is to recover, on average, 40% of program costs from participants. Individual programs may be fully self-supporting while other programs may have a nominal cost recovery ratio.

   b. General Fund Transfer

      i. The General Fund Transfer shall be determined by Council each year. The intent of the General Fund Transfer is to cover the costs associated with Parks Maintenance, PRCS administration, Debt Service and Hutchins Street Square Maintenance.

L. Community Development

a. The Community Development Department should primarily be self-supporting through fee revenue.

b. A General Fund Transfer, determined by Council each year, will be designed to support the value of the general information function that the department provides and support at least one-half of the costs associated with a Youth Outreach function designed to divert youth involvement in gang activities.

M. Enterprise Funds

a. Enterprise funds will set fees and rates at levels that meet operating, debt service, capital and reserve needs.

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3. Budget Administration and Adjustment

The City Council is ultimately responsible to the public for the delivery and conduct of City services and facilities. Accordingly, the Council appropriates funds to ensure the delivery of services at the levels and in the priority established by Council. The legal level of budgetary control is at the department level.

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The City Manager, as the chief administrative officer, provides staff with general direction in the development and formulation of the City Manager's budget recommendations to Council. This includes: evaluating and assessing current and anticipated issues facing the City; determining the demand for services and facilities; identifying the concerns of the citizenry; assessing the current and projected financial condition of the City; and determining the final staffing recommendations.

B. Deputy City Manager/Internal Services Director

The Deputy City Manager/Internal Services Director, as the chief financial officer, is responsible for budget development and day-to-day administration of adopted budgets. This includes: developing and issuing the budget instructions and calendar; advising the City Manager on budget policies and issues, including

the recommended level of funding for each department within the General Fund; reviewing budget requests to ensure they are complete and accurate; preparing the preliminary budget recommendations for review by the City Manager; and publishing the approved budget, Capital Improvement Plan, and Budget in Brief documents.

C. Department Directors

Department directors are responsible for preparing their operating and capital budget requests in accordance with the City's budget instructions and managing their respective departments within their approved budget allotments.

D. Failure to Adopt a Budget

If the City fails to adopt the budget by July 1, the City Council may elect one of the following courses of action until passage of a budget and appropriation of funds: (1) Provide the City Manager with Continuing Resolution Authority to allow continued services at expenditure levels not greater than those in the prior year budget; or (2) Require staff to obtain prior approval for any expenditure (payment) of City funds.

E. Public Record

The budget document will be available on-line at the City's website (www.lodi.gov). Hard copies will be available for public review at the Lodi Public Library, City Hall and the Carnegie Forum.

F. Budget Adjustments

a. City Council approval is required for any increase in appropriations.

b. The City Manager and Deputy City Manager have the authority to adjust appropriations within a fund, so long as total appropriations within the fund do not increase.

c. Department directors have the authority to adjust appropriations within their departmental funds, so long as total appropriations within the departmental funds do not increase.

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The Council will annually adopt a resolution establishing its appropriation limit calculated in accordance with Article XIIIB of the Constitution of the State of California, Section 7900 of the State of California Government Code, and any other voter-approved amendments or state legislation that affect the City's appropriation limit.

5. Components of Fund Balance

A. Governmental Accounting Standards Board Statement Number 54 – Fund Balance Reporting and Governmental Fund Type Definitions outlines the requirements to report fund balance for governmental funds in specific classifications which create a hierarchy primarily based upon the extent to which a City is bound to constraints on the specific purposes for which the funds can be spent. Fund Balance consists of the following five categories:

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ii. Restricted fund balance: amounts that can only be spent for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (e.g., grants, gas tax, impact fees).

iii. Committed fund balance: amounts that can be used for the specific purposes determined by formal action of the government's highest level of decision making authority. Committed fund balance can be changed only by the government taking the same formal action that initially created the commitment. (e.g., Council approved catastrophic or economic reserves).

iv. Assigned fund balance: amounts that are intended to be used by the government for specific purposes. Intent can be established by either the governing body or delegated to a City official. (e.g., amount of unassigned fund balance intended to be used to pay for future salary and benefit increases).

v. Unassigned fund balance: the remaining amount of fund balance after all other fund balance classifications are accounted for and can be either positive or negative. Positive unassigned fund balance is available for any purpose.

6. Fund Balance Policies

A. Committing Fund Balance

i. The City Council is the City's highest level of decision making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution or ordinance approved by the City Council at a City Council meeting. For reporting purposes, the resolution or ordinance approving, modifying or rescinding a fund balance commitment must be approved prior to the last day of the fiscal year for which the commitment is to be reported. The amount of the commitment may be determined in a subsequent period.

B. Assigning Fund Balance

i. The City Council retains the authority to assign fund balance.

C. Hierarchy of Fund Balance Use

i. When multiple categories of fund balance are available for expenditure, the City will spend the most restrictive funds first before moving down to the next category with available funds in the following order:

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2. Committed
3. Assigned
4. Unassigned.

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1. It is recognized that during a time of emergency, the City will need to expend more resources than normal operations dictate to meet the community's need. In addition to an increased level of expenditure, the tax base of the City may be impaired after a major catastrophic event.

ii. The amount of the Catastrophic Reserve shall be a minimum of 8% of annual General Fund revenues, including Operating Transfers.

iii. The Catastrophic Reserve shall be exclusive of all other reserve amounts.

iv. Council may draw on the Catastrophic Reserve only upon declaration of an emergency pursuant to the Lodi Municipal Code.

v. If the Catastrophic Reserve falls below 5% of annual General Fund revenue, including Operating Transfers, the City Manager shall prepare a plan within three months of Council approval of the Comprehensive Annual Financial Report (CAFR) to restore the reserve balance to the 5% level within 12 months and the 8% level within 24 months.

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i. An Economic Reserve is established within the General Fund. This reserve is established to maintain the City's economic viability and to meet seasonal cash flow needs.

1. It is recognized that economic cycles can cause significant fluctuations in the revenue streams of the City and the recovery from down cycles can be prolonged and affect service levels to the community dramatically. The Economic Reserve is intended to assist the City in maintaining service levels while revenues recover from a down economic cycle.

ii. The amount of the Economic Reserve shall be a minimum of 8% of annual General Fund revenues, including Operating Transfers.

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Maintaining reserves in the City's Special Revenue Funds is also critical to the successful and stable short- and long-term operations of the City. Adequate reserves in the Special Revenue Funds, where appropriate, ensure that the City is able to carry out the purpose of the special revenue fund and ensure compliance with underlying laws and contractual provisions associated with the funds. Additionally, bond rating agencies often evaluate a City's General Fund financial resilience by looking at reserves that may be drawn from Special Revenue funds to help support General Fund activities.

A. Library

i. Since the Library is primarily funded by a General Fund transfer, there is no need to duplicate reserves associated with the transfer amount within the Library Fund.

ii. Reserves within the Library Fund should be maintained at a minimum level of 16% of annual Non-General Fund Transfer revenue.

1. Any excess reserves not otherwise designated by Council may be returned to the General Fund annually for use as directed by Council.

B. Parks, Recreation and Cultural Services (PRCS)

i. Since a significant portion of PRCS revenue comes from a General Fund transfer, there is no need to duplicate reserves associated with the transfer amount within the PRCS fund.

ii. Reserves within the PRCS Fund should be maintained at a minimum level of 16% of annual Non-General Fund Transfer revenue.

1. Any excess reserves not otherwise designated by Council may be returned to the General Fund annually for use as directed by Council.

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i. The Community Development Fund is primarily self-supporting from fee revenue associated with development activities. The activities and financing of this fund are subject to wide fluctuations based upon the state of the development economy. Many of the fees assessed are collected ahead of services being provided. In the event of an economic downturn, the fund will have collected fees for services that have not yet been provided. As such, it is prudent to carry a large reserve to recognize that the reserve represents services that have not yet been provided.

ii. Reserves within the Community Development Fund should be maintained at a minimum level of 50% of annual operating expenses, including transfers.

D. Vehicle Replacement

i. Reserves in the Vehicle Replacement fund should be maintained equal to the accumulated depreciation of the vehicles in the fund.

E. Information Technology Replacement

i. Reserves in the Information Technology Replacement fund should be maintained equal to the accumulated depreciation of the equipment in the fund.

F. Other Special Revenue Funds

i. All reserve balances in the following funds are Restricted by the terms of the funds:

1. Streets
2. Transportation Development Act
3. Community Development Block Grant
4. Debt Service
5. Public Safety Special Revenue

6. General Fund Capital Outlay
7. Parks Capital Outlay
8. Vehicle and Equipment Replacement

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A. Electric Utility

i. The City Council separately adopts a reserve policy for the Electric Utility and reviews the components of the policy every three years. As part of the annual budget process, Council is apprised of the level of reserves desired under that policy.

B. Water Utility

i. The City Council has adopted a financial model for the Water Enterprise that incorporates a reserve target of 25% of Operating Expenses.

ii. Additionally, all funds collected in relation to PCE/TCE rates or settlements are restricted to use solely for the mitigation and remediation of those pollutants.

C. Wastewater Utility

i. The City Council has adopted a financial model for the Wastewater Enterprise that incorporates a reserve target of 25% of Operating Expenses.

D. Transit

i. All reserve funds in the Transit Enterprise are restricted as to use solely for transit purposes.

10. Internal Service Fund Reserves

Maintaining reserves in the City's Internal Service Funds demonstrates fiscal accountability and financial prudence. Adequate reserves in the Internal Service Funds ensure that the City has set aside sufficient funds to meet the future obligations it has committed to provide to its employees. Additionally, bond rating agencies review these funds and look favorably upon entities that are funding the long-term liabilities represented in the City's Internal Service Funds.

A. Benefits Fund

   i. Other Post-Employment Benefits (OPEB)

      1. Reserves equal to the annual pay-as-you-go expense should be held in reserve locally.

      2. Additional funds may be held in a third-party trust.

   ii. Long Term Disability

      1. The City is self-insured for a long-term disability program. Reserves equal to three times the annual expense should be held locally.

   iii. Pension Stabilization

      1. Reserves should be set aside to amortize the unfunded pension liability over, at most, a 30-year period.

      2. Funds may be held locally or in a third-party trust.

B. General Liability Insurance Fund

   i. Reserves equal to a minimum of three times the Self-Insured Retention level should be held locally.

   ii. Funds above the minimum reserve level may be retained in this fund as a means of mitigating future program cost increases, rebated to the paying funds or transferred to other funds at Council discretion.

C. Workers Compensation Fund

   i. Reserves, at a minimum, equal to the 70% confidence level shown in the annual actuarial report should be held locally.

ii. Funds above the minimum reserve level may be retained in this fund as a means of mitigating future program cost increases, rebated to the paying funds or transferred to other funds at Council discretion.

D. Fleet Maintenance Fund

i. Reserves equal to a minimum of 16% of Operating Expenses shall be held in the Fleet Maintenance Fund.

11. Capital Improvement Plan

The City is committed to ensuring that all of its assets are operated, maintained and replaced in a manner that is the most prudent method of maintaining the public stewardship of those assets. To that end, the City will prepare and update annually a Capital Improvement Plan (CIP) that encompasses those assets and looks out over a five year lifespan. The first year of the five year plan will be the current budget year. The Internal Services Department will be responsible for gathering the data for inclusion in the plan.

A. CIP Projects

Construction projects that are expected to cost $10,000 or more should be included in the CIP. Projects will be a combination of projects that repair, replace or enhance existing facilities, equipment or infrastructure and projects that expand or add to the City's existing fixed assets. Vehicles and equipment (rolling stock) are not to be included in the CIP.

B. CIP Appropriations

Approval of the CIP and the projects contained within it does not constitute appropriation of the funds necessary or designation of the funds necessary to complete the project. Annual appropriations for CIP costs will be included in the annual budget. Carryforward of funds on approved contracts will follow City year end procedures.

C. Elements of the CIP

Each project listed in the CIP will address the following items:

a. project description

b. project timeline

c. anticipated funding sources

d. estimated expenditures

e. revenues and expenditures will be reflected by fiscal year over the five-year timespan of the CIP

f. estimated annual on-going operating and maintenance costs

12. Encumbrance Accounting

Encumbrances represent commitments to contracts not yet performed and orders not yet filled. They are used to control expenditure commitments for the year and to enhance cash management. Encumbrances do not represent expenditures for a period, only a commitment to expend resources. As a contract is completed, the budgetary encumbrance control accounts are liquidated or reduced and the actual expenditure is recorded.

A. Lapsing Appropriations

a. General Fund – all encumbered funds, except those related to a fixed-asset purchase, lapse at the end of each fiscal year.

b. Capital Projects – encumbered funds associated with construction contracts do not lapse. However, encumbered funds associated with staff costs on construction projects do lapse and should be re-appropriated each fiscal year.

13. Review and Update

These policies will be in place for the fiscal year 2017/18 budget. These policies will be reviewed and updated every two years in odd numbered years in conjunction with the approval of the annual budget. The next review cycle will be in conjunction with the fiscal year 2019/20 budget.

AGENDA ITEM **I-01B**

CITY OF LODI
COUNCIL COMMUNICATION

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AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter a Pension Stabilization Irrevocable Trust with Public Agency Retirement Services (PARS), Designating Funds to be Deposited into the Trust, and Selection of the Balanced (Passive Option) Investment Strategy

MEETING DATE: October 19, 2016

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute all necessary documents to enter a Pension Stabilization Irrevocable Trust with Public Agency Retirement Services (PARS), designating funds to be deposited in the Trust, and selection of the Balanced (Passive Option) Investment Strategy.

BACKGROUND INFORMATION: During the discussions regarding establishing budget and fiscal policies, Council also discussed establishing a third-party irrevocable trust to set aside funds to reduce the unfunded liability associated with the City's pension program.

The City contracts with CalPERS for a defined benefit pension program. This program has an unfunded liability that totals $105.7 million as of June 30, 2015, the date of the last actuarial report for the program. CalPERS calculates the amount that the City is required to pay into this program and the City makes the required payments. However, the fund is subject to significant swings in funding levels based primarily upon the investment results of the fund. The City currently has more retirees drawing pensions than it has active employees paying into the program. As a result, the City shows a growing unfunded liability. Pre-funding these costs is a best financial management practice. Establishment of a third-party trust will allow funds to be invested in instruments that will match the long-term nature of the liability, outside of the volatility associated with the CalPERS investment portfolio. Investment returns within the trust should produce higher yields than are available through the City's cash pool investments. Over the long-term, establishment of the trust should result in lower total costs to the City for providing retiree benefits.

The only vendor offering a program in this marketspace is Public Agency Retirement Services (PARS). PARS has received a private letter ruling from the Internal Revenue Service regarding their Pension Rate Stabilization Program (PRSP) that clearly allows public agencies to establish a separate trust to pre-fund pension liabilities.

PARS is a for-profit entity which has been incorporated for 32 years and has been providing OPEB Trust services for 20 years and established the PRSP in 2015. PARS utilizes US Bank as a Trustee and High Mark Capital Management as an Investment Manager. PARS offers five investment strategies, with a passive and active option within each strategy. Administrative fees are a combination of trustee fees

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APPROVED: _____
Stephen Schwabauer, City Manager

payable to US Bank and fees payable to PARS. For a plan of our estimated size, the combination of fees would total 60 basis points (0.60%) on assets under management.

If Council approves the staff recommendation, the City must choose one of the five investment strategies. The five-year gross returns (prior to asset under management fees) for the five strategies are shown in the table below:

Investment Strategy	5 Year Gross Returns (Passive Option)
Conservative	3.87%
Moderately Conservative	4.91%
Moderate	6.08%
Balanced	6.56%
Capital Appreciation	6.94%

The investment strategies contain a target mix of equities/fixed income/cash investments. The weighting of each component of the strategy changes with the strategy. The Conservative strategy target is weighted more toward fixed income and cash while the Capital Appreciation strategy target contains the most equity investments. Staff recommends the Balanced strategy which contains a mix of 60 percent equities and 40 percent fixed income/cash.

Initial funding for this trust should come from funds that are in excess of reserve requirements for Fiscal Year 2015/16. As we close the books for FY 2015/16, it is expected that there will be available funds in the General Fund over the Council approved reserve requirements; however, that amount is not known at this time. Staff recommends that Council designate that at least 80 percent of the available funds be deposited into the trust and authorize the City Manager to approve an appropriation adjustment to that effect once the numbers are known. The referenced funding is associated only with the General Fund. A plan for contributing to the trust from Enterprise funds will be brought forward with the mid-year budget adjustments. On-going funding would be determined each year during the budget adoption and mid-year budget review processes.

Staff recommends that Council approve engaging PARS for Pension Stabilization Trust services, select the Balanced (Passive Option) as the investment strategy, designate that at least 80 percent of the available funds over the General Fund reserve requirements for FY 2015/16 be deposited to the trust and authorize the City Manager to approve an Appropriation Adjustment to fund the Trust.

FISCAL IMPACT: Funds allocated to the Pension Stabilization Trust will not be available for operations or other needs.

FUNDING AVAILABLE: Amount to be determined once financial statements for the year ended June 30, 2016 are published.

Jordan Ayers
Deputy City Manager

JA/ja

AGREEMENT FOR ADMINISTRATIVE SERVICES

This agreement ("Agreement") is made this _____ day of _____, 2016, between Phase II Systems, a corporation organized and existing under the laws of the State of California, doing business as Public Agency Retirement Services and PARS (hereinafter "PARS") and the City of Lodi ("Agency").

WHEREAS, the Agency has adopted the PARS Public Agencies Post-Employment Benefits Trust for the purpose of pre-funding pension obligations and/or OPEB obligations ("Plan"), and is desirous of retaining PARS as Trust Administrator to the Trust, to provide administrative services.

NOW THEREFORE, the parties agree:

1. **Services.** PARS will provide the services pertaining to the Plan as described in the exhibit attached hereto as "Exhibit 1A" ("Services") in a timely manner, subject to the further provisions of this Agreement.
2. **Fees for Services.** PARS will be compensated for performance of the Services as described in the exhibit attached hereto as "Exhibit 1B".
3. **Payment Terms.** Payment for the Services will be remitted directly from Plan assets unless the Agency chooses to make payment directly to PARS. In the event that the Agency chooses to make payment directly to PARS, it shall be the responsibility of the Agency to remit payment directly to PARS based upon an invoice prepared by PARS and delivered to the Agency. If payment is not received by PARS within thirty (30) days of the invoice delivery date, the balance due shall bear interest at the rate of 1.5% per month. If payment is not received from the Agency within sixty (60) days of the invoice delivery date, payment plus accrued interest will be remitted directly from Plan assets, unless PARS has previously received written communication disputing the subject invoice that is signed by a duly authorized representative of the Agency.
4. **Fees for Services Beyond Scope.** Fees for services beyond those specified in this Agreement will be billed to the Agency at the rates indicated in the PARS' standard fee schedule in effect at the time the services are provided and shall be payable as described in Section 3 of this Agreement. Before any such services are performed, PARS will provide the Agency with a detailed description of the services, terms, and applicable rates for such services. Such services, terms, and applicable rates shall be agreed upon in writing and executed by both parties.
5. **Information Furnished to PARS.** PARS will provide the Services contingent upon the Agency's providing PARS the information specified in the exhibit attached hereto as "Exhibit 1C" ("Data"). It shall be the responsibility of the Agency to certify the accuracy, content and completeness of the Data so that PARS may rely on such information without further audit. It shall further be the responsibility of the Agency to deliver the Data to PARS in such a manner that allows for a reasonable amount of time for the Services to be performed. Unless specified in Exhibit 1A, PARS shall be under no duty to question Data received from the Agency, to compute contributions made to the

Plan, to determine or inquire whether contributions are adequate to meet and discharge liabilities under the Plan, or to determine or inquire whether contributions made to the Plan are in compliance with the Plan or applicable law. In addition, PARS shall not be liable for non performance of Services to the extent such non performance is caused by or results from erroneous and/or late delivery of Data from the Agency. In the event that the Agency fails to provide Data in a complete, accurate and timely manner and pursuant to the specifications in Exhibit 1C, PARS reserves the right, notwithstanding the further provisions of this Agreement, to terminate this Agreement upon no less than ninety (90) days written notice to the Agency.

6. **Records.** Throughout the duration of this Agreement, and for a period of five (5) years after termination of this Agreement, PARS shall provide duly authorized representatives of Agency access to all records and material relating to calculation of PARS' fees under this Agreement. Such access shall include the right to inspect, audit and reproduce such records and material and to verify reports furnished in compliance with the provisions of this Agreement. All information so obtained shall be accorded confidential treatment as provided under applicable law.

7. **Confidentiality.** Without the Agency's consent, PARS shall not disclose any information relating to the Plan except to duly authorized officials of the Agency, subject to applicable law, and to parties retained by PARS to perform specific services within this Agreement. The Agency shall not disclose any information relating to the Plan to individuals not employed by the Agency without the prior written consent of PARS, except as such disclosures may be required by applicable law.

8. **Independent Contractor.** PARS is and at all times hereunder shall be an independent contractor. As such, neither the Agency nor any of its officers, employees or agents shall have the power to control the conduct of PARS, its officers, employees or agents, except as specifically set forth and provided for herein. PARS shall pay all wages, salaries and other amounts due its employees in connection with this Agreement and shall be responsible for all reports and obligations respecting them, such as social security, income tax withholding, unemployment compensation, workers' compensation and similar matters.

9. **Indemnification.** PARS and Agency hereby indemnify each other and hold the other harmless, including their respective officers, directors, employees, agents and attorneys, from any claim, loss, demand, liability, or expense, including reasonable attorneys' fees and costs, incurred by the other as a consequence of, to the extent, PARS' or Agency's, as the case may be, negligent acts, errors or omissions with respect to the performance of their respective duties hereunder.

10. **Compliance with Applicable Law.** The Agency shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding the administration of the Plan. PARS shall observe and comply with federal, state and local laws in effect when this Agreement is executed, or which may come into effect during the term of this Agreement, regarding Plan administrative services provided under this Agreement.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. In the event any party institutes legal proceedings to enforce or interpret this Agreement, venue and jurisdiction shall be in any state court of competent jurisdiction.

12. **Force Majeure.** When a party's nonperformance hereunder was beyond the control and not due to the fault of the party not performing, a party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by such cause, including but not limited to: any incidence of fire, flood, acts of God, acts of terrorism or war, commandeering of material, products, plants or facilities by the federal, state or local government, or a material act or omission by the other party.

13. **Ownership of Reports and Documents.** The originals of all letters, documents, reports, and data produced for the purposes of this Agreement shall be delivered to, and become the property of the Agency. Copies may be made for PARS but shall not be furnished to others without written authorization from Agency.

14. **Designees.** The Plan Administrator of the Agency, or their designee, shall have the authority to act for and exercise any of the rights of the Agency as set forth in this Agreement, subsequent to and in accordance with the written authority granted by the Governing Body of the Agency, a copy of which writing shall be delivered to PARS. Any officer of PARS, or his or her designees, shall have the authority to act for and exercise any of the rights of PARS as set forth in this Agreement.

15. **Notices.** All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be effected by delivery of the notices in person or by depositing the notices in the U.S. mail, registered or certified mail, return receipt requested, postage prepaid and addressed as follows:

    (A) To PARS: PARS; 4350 Von Karman Avenue, Suite 100, Newport Beach, CA 92660; Attention: President

    (B) To Agency: City of Lodi; 221 West Pine Street, P.O. Box 3006, Lodi, CA 95240; Attention: Deputy City Manager

    Notices shall be deemed given on the date received by the addressee.

16. **Term of Agreement.** This Agreement shall remain in effect for the period beginning October 20, 2016 and ending October 19, 2019 ("Term"). This Agreement may be terminated at any time by giving thirty (30) days written notice to the other party of the intent to terminate. Absent a thirty (30) day written notice to the other party of the intent to terminate, this Agreement will continue unchanged for successive twelve month periods following the Term.

17. **Amendment.** This Agreement may not be amended orally, but only by a written instrument executed by the parties hereto.

18. **Entire Agreement.** This Agreement, including exhibits, contains the entire understanding of the parties with respect to the subject matter set forth in this Agreement.

In the event a conflict arises between the parties with respect to any term, condition or provision of this Agreement, the remaining terms, conditions and provisions shall remain in full force and legal effect. No waiver of any term or condition of this Agreement by any party shall be construed by the other as a continuing waiver of such term or condition.

19. **Attorneys Fees.** In the event any action is taken by a party hereto to enforce the terms of this Agreement the prevailing party herein shall be entitled to receive its reasonable attorney's fees.

20. **Counterparts.** This Agreement may be executed in any number of counterparts, and in that event, each counterpart shall be deemed a complete original and be enforceable without reference to any other counterpart.

21. **Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

22. **Effective Date.** This Agreement shall be effective on the date first above written, and also shall be the date the Agreement is executed.

AGENCY:

BY: _____
Steve Schwabauer

TITLE: City Manager

DATE: _____

Approved as to form _____
City Attorney

PARS:

BY: _____
Tod Hammeras

TITLE: Chief Financial Officer

DATE: _____

EXHIBIT 1A

SERVICES

PARS will provide the following services for the City of Lodi Public Agencies Post-Employment Benefits Trust:

1. Plan Installation Services:

   (A) Meeting with appropriate Agency personnel to discuss plan provisions, implementation timelines, actuarial valuation process, funding strategies, benefit communication strategies, data reporting, and submission requirements for contributions/reimbursements/distributions;

   (B) Providing the necessary analysis and advisory services to finalize these elements of the Plan;

   (C) Providing the documentation needed to establish the Plan to be reviewed and approved by Agency legal counsel. Resulting final Plan documentation must be approved by the Agency prior to the commencement of PARS Plan Administration Services outlined in Exhibit 1A, paragraph 2 below.

2. Plan Administration Services:

   (A) Monitoring the receipt of Plan contributions made by the Agency to the trustee of the PARS Public Agencies Post-Employment Benefits Trust ("Trustee"), based upon information received from the Agency and the Trustee;

   (B) Performing periodic accounting of Plan assets, reimbursements/distributions, and investment activity, based upon information received from the Agency and/or Trustee;

   (C) Coordinating the processing of distribution payments pursuant to authorized direction by the Agency, and the provisions of the Plan, and, to the extent possible, based upon Agency-provided Data;

   (D) Coordinating actions with the Trustee as directed by the Plan Administrator within the scope this Agreement;

   (E) Preparing and submitting a monthly report of Plan activity to the Agency, unless directed by the Agency otherwise;

   (F) Preparing and submitting an annual report of Plan activity to the Agency;

   (G) Facilitating actuarial valuation updates and funding modifications for compliance with GASB 45, if prefunding OPEB obligations;

   (H) Coordinating periodic audits of the Trust;

   (I) Monitoring Plan and Trust compliance with federal and state laws.

3. PARS is not licensed to provide and does not offer tax, accounting, legal, investment or actuarial advice.

EXHIBIT 1B

FEES FOR SERVICES

PARS will be compensated for performance of Services, as described in Exhibit 1A based upon the following schedule:

(A) An annual asset fee paid by the Agency or paid from Plan Assets based on the following schedule:

For Plan Assets from:			**Annual Rate:**
$0	to	$10,000,000	0.25%
$10,000,001	to	$15,000,000	0.20%
$15,000,001	to	$50,000,000	0.15%
$50,000,001	and	above	0.10%

Annual rates are prorated and paid monthly. The annual asset fee shall be calculated by the following formula [Annual Rate divided by 12 (months of the year) multiplied by the Plan asset balance at the end of the month]. Trustee and Investment Management Fees are not included.

(B) The annual asset fee referenced above shall be paid as follows:

Annual Asset Fee Payment Option (Please select one option below):

☑ Annual Asset Fee shall be paid from Plan Assets.

☐ Annual Asset Fee shall be invoiced to and paid by the Agency.

EXHIBIT 1C

DATA REQUIREMENTS

PARS will provide the Services under this Agreement contingent upon receiving the following information:

1. Executed Legal Documents:
   - (A) Certified Resolution
   - (B) Adoption Agreement to the Public Agencies Post-Employment Benefits Trust
   - (C) Trustee Investment Forms

2. Contribution – completed Contribution Transmittal Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Contribution amount
   - (C) Contribution date
   - (D) Contribution method (Check, ACH, Wire)

3. Distribution – completed Payment Reimbursement/Distribution Form signed by the Plan Administrator (or authorized Designee) which contains the following information:
   - (A) Agency name
   - (B) Payment reimbursement/distribution amount
   - (C) Applicable statement date
   - (D) Copy of applicable premium, claim, statement, warrant, and/or administrative expense evidencing payment
   - (E) Signed certification of reimbursement/distribution from the Plan Administrator (or authorized Designee)

4. Other information pertinent to the Services as reasonably requested by PARS and Actuarial Provider.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL AUTHORIZING THE CITY MANAGER TO EXECUTE ALL DOCUMENTS NECESSARY TO ENTER A PENSION STABILIZATION TRUST WITH PUBLIC AGENCY RETIREMENT SERVICES; FURTHER DESIGNATING AT LEAST 80 PERCENT OF AVAILABLE FUNDS OVER GENERAL FUND RESERVE REQUIREMENTS FOR FISCAL YEAR 2015/16 BE DEPOSITED INTO THE TRUST; AUTHORIZING THE CITY MANAGER TO APPROVE APPROPRIATION ADJUSTMENT TO FUND THE TRUST; AND SELECTING THE BALANCED (PASSIVE OPTION) INVESTMENT STRATEGY

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WHEREAS, Council held Shirtsleeve meetings on February 2, February 9, and September 13, 2016, to discuss a comprehensive set of budget and fiscal policies; and

WHEREAS, establishing a pension stabilization trust to pre-fund the unfunded liability associated with the City's pension fund is a prudent best practice for local government agencies; and

WHEREAS, Public Agency Retirement Services (PARS) is the only entity currently providing a trust to pre-fund unfunded pension liabilities; and

WHEREAS, staff recommends that Council approve using PARS' Balanced (Passive Option) investment strategy; and

WHEREAS, staff recommends that the General Fund portion of the initial funding come from funds in excess of Council-established reserve levels for the Fiscal Year 2015/16; and

WHEREAS, staff recommends that initial funding be at least 80 percent of the reserves in excess of the established reserve levels; and

WHEREAS, staff will bring forward a plan for Enterprise Fund contributions along with the Fiscal Year 2016/17 mid-year budget review; and

WHEREAS, staff further recommends that the City Manager be authorized to approve an Appropriation Adjustment for the General Fund contribution once the final numbers are known for Fiscal Year 2015/16.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi 1) hereby authorizes the City Manager to execute all documents necessary to enter a Pension Stabilization Trust with Public Agency Retirement Services (PARS); 2) hereby designates that at least 80 percent of the available funds over the General Fund reserve requirements for Fiscal Year 2015/16 be deposited into the trust and authorizes the City Manager to approve an Appropriation Adjustment to fund the trust once the final numbers for Fiscal Year 2015/16 are known; and 3) hereby selects the Balanced (Passive Option) as the investment strategy.

Dated: October 19, 2016

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I hereby certify that Resolution No. 2016-____as passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM **I-01C**

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Adopt Resolution Authorizing City Manager to Execute All Documents Necessary to Enter Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program (CERBT), Select Investment Strategy 2, and Appropriating Funds ($1,000,000)

MEETING DATE: October 19, 2016

PREPARED BY: Deputy City Manager

RECOMMENDED ACTION: Adopt resolution authorizing City Manager to execute all necessary documents to enter Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program (CERBT), select investment strategy 2, and appropriating funds ($1,000,000).

BACKGROUND INFORMATION: During the discussions regarding establishing budget and fiscal policies, Council also discussed establishing a third-party irrevocable trust to set aside funds to pay for Other Post-Employment Benefits (OPEB).

OPEB costs represent post-employment benefits payable to retirees and their beneficiaries. Costs generally fall into two categories: payment of health care premiums for retirees with sick leave conversion benefits and statutory minimum required payments for all retirees/beneficiaries choosing health care through CalPERS. An actuarial valuation of the potential liability is performed every two years. The most recent actuarial report, dated June 30, 2016, shows this liability at about $39 million. This actuarial valuation determines the liability that the City must record and the annual OPEB cost. Historically, the City has recorded the actuarially calculated liability and charged the departments for the actual cost paid during the year, which is an amount lower than the actuarially calculated annual OPEB cost. As a result, the City shows a growing unfunded liability because the charges out to departments are less than the actuarially calculated annual cost. Pre-funding these costs is a best financial management practice. Establishment of a third-party trust will allow funds to be invested in instruments that will match the long-term nature of the liability. Investment returns within the trust should produce higher yields than are available through the City's cash pool investments. Over the long-term, establishment of the trust should result in lower total costs to the City for providing retiree benefits.

Staff evaluated the programs of the two primary vendors in this marketspace: CERBT, which is managed by CalPERS and Public Agency Retirement Services (PARS). Both programs are compliant with Internal Revenue Code Section 115.

CERBT, which was established in 2007 solely for the purpose of receiving employer contributions that will prefund OPEB costs, is a self-funded, not-for-profit trust fund in which participating agencies pay for all administrative and investment expenses. The assets held in the CERBT are co-invested and

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APPROVED: _____
Stephen Schwabauer, City Manager

managed by the same CalPERS investment staff that manages the City's pension assets. While managed by the same investment staff, CERBT investment strategies are different than those of the retirement system. CERBT offers three investment strategies that have elements of both active and passive components. Asset management fees have ranged from two basis points (0.02%) to 15 basis points (0.15%) during the life of the trust. Currently, asset management fees are 10 basis points (0.10%) of assets under management. The fee rate may vary from year to year and may be changed without notice. CERBT is currently used by 497 agencies for OPEB trust services and has about $5.4 billion in assets under management.

PARS is a for-profit entity which has been incorporated for 32 years and has been providing OPEB Trust services for 20 years. PARS utilizes US Bank as a Trustee and High Mark Capital Management as an Investment Manager. PARS offers five investment strategies, with a passive and active option within each strategy. Administrative fees are a combination of trustee fees payable to US Bank and fees payable to PARS. For a plan of our estimated size, the combination of fees would total 60 basis points (0.60%) on assets under management.

When comparing the investment returns for both entities at June 30, 2016, using the most comparable investment strategies, returns are fairly similar on a gross basis. When asset management fees are included, CERBT slightly outperforms PARS.

While both vendors provide excellent OPEB Trust options for the City, staff recommends that Council engage CERBT to provide these services. Primary drivers for this recommendation are the lower asset management fees coupled with the size of the client base and assets under management with CERBT.

If Council approves the CERBT recommendation, the City must choose one of the CERBT's three investment strategies. The long-term expected rate of return for the three strategies is shown in the table below:

Investment Strategy	Long-Term Expected Rate of Return
Strategy 1	7.28%
Strategy 2	6.73%
Strategy 3	6.12%

The lowest return/volatility strategy (Strategy 3) is considered most appropriate for a well-funded, mature plan, while the highest return/volatility strategy (Strategy 1) is considered the most appropriate for a plan that is not well-funded. The initial funding recommended by staff will provide a moderate level of funding for the trust. Therefore, it is recommended that the City select Strategy 2, which would provide lower risk than Strategy 1, but with the potential for higher returns than Strategy 3.

Staff recommends that Council approve engaging CERBT for OPEB Trust services, select Strategy 2 as the investment strategy, and authorize the City Manager to execute all documents necessary to enter into a post-employment benefits irrevocable trust with CERBT. Staff also recommends that the City Council appropriate $1,000,000 for this program.

FISCAL IMPACT: The City had set aside $1,000,000 in the Benefits Fund (Fund 655) that is earmarked for OPEB costs. These funds should be moved to the irrevocable trust once it is established.

FUNDING AVAILABLE: Appropriation Needed:
655000000.72990 $1,000,000

Jordan Ayers
Deputy City Manager

JA/ja

CALIFORNIA EMPLOYERS' RETIREE BENEFIT TRUST PROGRAM ("CERBT")

AGREEMENT AND ELECTION OF

City of Lodi

(NAME OF EMPLOYER)

TO PREFUND OTHER POST-EMPLOYMENT BENEFITS THROUGH CalPERS

WHEREAS (1) Government Code Section 22940 establishes in the State Treasury the Annuitants' Health Care Coverage Fund for the prefunding of health care coverage for annuitants (Prefunding Plan); and

WHEREAS (2) The California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control and power over the administration and investment of the Prefunding Plan (sometimes also referred to as CERBT), the purposes of which include, but are not limited to (i) receiving contributions from participating employers and establishing separate Employer Prefunding Accounts in the Prefunding Plan for the performance of an essential governmental function (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the Prefunding Plan and to pay for health care costs or other post-employment benefits in accordance with the terms of participating employers' plans; and

WHEREAS (3) City of Lodi

(NAME OF EMPLOYER)

(Employer) desires to participate in the Prefunding Plan upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the Prefunding Plan upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Other Post-Employment Benefits (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The Prefunding Plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer defined benefit plan as defined in Governmental Accounting Standards Board (GASB) Statements for Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB Standards) consisting of an aggregation of single-employer plans, with pooled administrative and investment functions;

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Representation and Warranty

Employer represents and warrants that it is a political subdivision of the State of California or an entity whose income is excluded from gross income under Section 115 (1) of the Internal Revenue Code.

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the Prefunding Plan by adopting this Agreement and filing with the CalPERS Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to:
CalPERS
CERBT (OPEB)
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:
CalPERS Mailroom
CERBT (OPEB)
400 Q Street
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both CalPERS and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the Prefunding Plan, to carry out the purposes of this Agreement, and to maintain the tax exempt status of the Prefunding Plan. Employer agrees to follow such procedures and processes.

C. Other Post-Employment Benefits (OPEB) Cost Reports and Employer Contributions

(1) Employer shall provide to the Board an OPEB cost report on the basis of the actuarial assumptions and methods prescribed by the Board. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by applicable GASB OPEB Standards. This OPEB cost report may be prepared as an actuarial valuation report or, if the employer is qualified under GASB OPEB Standards, may be prepared as an Alternative Measurement Method (AMM) report.

(a) Unless qualified under GASB OPEB Standards, to provide an AMM report, Employer shall provide to the Board an actuarial valuation report. Such report shall be for the Board's use in financial reporting, and shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:

1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;

2) prepared in accordance with generally accepted actuarial practice and GASB OPEB Standards; and,

3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(b) If qualified under GASB OPEB Standards, Employer may provide to the Board an AMM report. Such report shall be for the Board's use in financial reporting, shall be prepared at least as often as the minimum frequency required by GASB OPEB Standards, and shall be:

1) affirmed by Employer's external auditor, or by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board, to be consistent with the AMM process described in GASB OPEB Standards;

2) prepared in accordance with GASB OPEB Standards; and,

3) provided to the Board prior to the Board's acceptance of contributions for the valuation period or as otherwise required by the Board.

(2) The Board may reject any OPEB cost report for financial reporting purposes submitted to it, but shall not unreasonably do so. In the event that the Board

determines, in its sole discretion, that the OPEB cost report is not suitable for use in the Board's financial statements or if Employer fails to provide a required OPEB cost report, the Board may obtain, at Employer's expense, an OPEB cost report that meets the Board's financial reporting needs. The Board may recover from Employer the cost of obtaining such OPEB cost report by billing and collecting from Employer or by deducting the amount from Employer's account in the Prefunding Plan.

(3) Employer shall notify the Board of the amount and time of contributions which contributions shall be made in the manner established by the Board.

(4) Employer contributions to the Prefunding Plan may be limited to the amount necessary to fully fund Employer's actuarial present value of total projected benefits, as supported by the OPEB cost report for financial reporting purposes acceptable to the Board. As used throughout this document, the meaning of the term "actuarial present value of total projected benefits" is as defined in GASB OPEB Standards. If Employer's contribution causes its assets in the Prefunding Plan to exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board may refuse to accept the contribution.

(5) No contributions are required. Contributions can be made at any time following the effective date of the Agreement provided that Employer has first complied with the requirements of Paragraph C.

D. Administration of Accounts, Investments, Allocation of Income

(1) The Board has established the Prefunding Plan as an agent plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions, under the terms of which separate accounts are maintained for each employer so that the Employer's assets will provide benefits only under the Employer's post-employment benefit plan(s).

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the Prefunding Plan (Employer's Prefunding Account).

(3) Employer's Prefunding Account assets may be aggregated with prefunding account assets of other employers and may be co-invested by the Board in any asset classes appropriate for a Section 115 Trust.

(4) The Board may deduct the costs of administration of the Prefunding Plan from the investment income or Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income shall be allocated among participating employers and posted to Employer's Prefunding Account as determined by the Board but no less frequently than annually.

(6) If Employer's assets in the Prefunding Plan exceed the amount required to fully fund the actuarial present value of total projected benefits, the Board, in compliance with applicable accounting and legal requirements, may return such excess to Employer.

E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board shall prepare and provide a statement of Employer's Prefunding Account at least annually reflecting the balance in Employer's Prefunding Account, contributions made during the period and income allocated during the period, and such other information as the Board determines.

F. Disbursements

(1) Employer may receive disbursements not to exceed the annual premium and other costs of post-employment healthcare benefits and other post-employment benefits as defined in GASB OPEB Standards.

(2) Employer shall notify CalPERS in writing in the manner specified by CalPERS of the persons authorized to request disbursements from the Prefunding Plan on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board. The Board may require that Employer certify or otherwise establish that the monies will be used for the purposes of the Prefunding Plan.

(4) Requests for disbursements that satisfy the requirements of paragraphs (2) and (3) will be processed monthly.

(5) CalPERS shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements. In the event of any other erroneous disbursement, the extent of CalPERS' liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

(6) No disbursement shall be made from the Prefunding Plan which exceeds the balance in Employer's Prefunding Account.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the Prefunding Plan, as determined by the Board.

H. Termination of Employer Participation in Prefunding Plan

(1) The Board may terminate Employer's participation in the Prefunding Plan if:

(a) Employer gives written notice to the Board of its election to terminate;

(b) The Board finds that Employer fails to satisfy the terms and conditions of this Agreement or of the Board's rules or regulations.

(2) If Employer's participation in the Prefunding Plan terminates for any of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the Prefunding Plan, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D.

(3) After Employer's participation in the Prefunding Plan terminates, Employer may not make contributions to the Prefunding Plan.

(4) After Employer's participation in the Prefunding Plan terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After the Employer's participation in the Prefunding Plan terminates, the governing body of the Employer may request either:

(a) A trustee to trustee transfer of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in the Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

(b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Internal Revenue Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of post-employment health care benefits and other post-employment benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the

Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in the Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the Prefunding Plan terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate.

(7) If, for any reason, the Board terminates the Prefunding Plan, the assets in Employer's Prefunding Account shall be paid to Employer after retention of (i) amounts sufficient to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants described by the employer's current substantive plan (as that term is used in GASB OPEB Standards), and (ii) amounts sufficient to pay reasonable administrative costs of the Board.

(8) If Employer ceases to exist but Employer's Prefunding Plan continues to exist and if no provision has been made by Employer for ongoing payments to pay post-employment health care benefits and other post-employment benefits to annuitants for current and future annuitants, the Board is authorized to and shall appoint a third party administrator to carry out Employer's Prefunding Plan. Any and all costs associated with such appointment shall be paid from the assets attributable to contributions by Employer.

(9) If Employer should breach the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the Prefunding Plan.

I. General Provisions

(1) Books and Records.

Employer shall keep accurate books and records connected with the performance of this Agreement. Employer shall ensure that books and records of subcontractors, suppliers, and other providers shall also be accurately maintained. Such books and records shall be kept in a secure location at the Employer's office(s) and shall be available for inspection and copying by CalPERS and its representatives.

(2) Audit.

(a) During and for three years after the term of this Agreement, Employer shall permit the Bureau of State Audits, CalPERS, and its authorized

representatives, and such consultants and specialists as needed, at all reasonable times during normal business hours to inspect and copy, at the expense of CalPERS, books and records of Employer relating to its performance of this Agreement.

(b) Employer shall be subject to examination and audit by the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, during the term of this Agreement and for three years after final payment under this Agreement. Any examination or audit shall be confined to those matters connected with the performance of this Agreement, including, but not limited to, the costs of administering this Agreement. Employer shall cooperate fully with the Bureau of State Audits, CalPERS, and its authorized representatives, and such consultants and specialists as needed, in connection with any examination or audit. All adjustments, payments, and/or reimbursements determined to be necessary by any examination or audit shall be made promptly by the appropriate party.

(3) Notice.

(a) Any notice, approval, or other communication required or permitted under this Agreement will be given in the English language and will be deemed received as follows:

1. Personal delivery. When personally delivered to the recipient. Notice is effective on delivery.

2. First Class Mail. When mailed first class to the last address of the recipient known to the party giving notice. Notice is effective three delivery days after deposit in a United States Postal Service office or mailbox.

3. Certified mail. When mailed certified mail, return receipt requested. Notice is effective on receipt, if delivery is confirmed by a return receipt.

4. Overnight Delivery. When delivered by an overnight delivery service, charges prepaid or charged to the sender's account, Notice is effective on delivery, if delivery is confirmed by the delivery service.

5. Telex or Facsimile Transmission. When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice. Notice is effective on receipt, provided that (i) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (ii) the receiving party delivers a written

confirmation of receipt. Any notice given by telex or fax shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day.

6. E-mail transmission. When sent by e-mail using software that provides unmodifiable proof (i) that the message was sent, (ii) that the message was delivered to the recipient's information processing system, and (iii) of the time and date the message was delivered to the recipient along with a verifiable electronic record of the exact content of the message sent.

Addresses for the purpose of giving notice are as shown in Paragraph B.(1) of this Agreement.

(b) Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger or overnight delivery service.

(c) Any party may change its address, telex, fax number, or e-mail address by giving the other party notice of the change in any manner permitted by this Agreement.

(d) All notices, requests, demands, amendments, modifications or other communications under this Agreement shall be in writing. Notice shall be sufficient for all such purposes if personally delivered, sent by first class, registered or certified mail, return receipt requested, delivery by courier with receipt of delivery, facsimile transmission with written confirmation of receipt by recipient, or e-mail delivery with verifiable and unmodifiable proof of content and time and date of sending by sender and delivery to recipient. Notice is effective on confirmed receipt by recipient or 3 business days after sending, whichever is sooner.

(4) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of their Agreement shall survive the termination of this Agreement until such time as all amounts in Employer's Prefunding Account have been disbursed.

(5) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and

signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(6) Necessary Acts, Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

A majority vote of Employer's Governing Body at a public meeting held on the 19th day of the month of October in the year 2016, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: Mark Chandler

Name of Governing Body: City of Lodi

Name of Employer: City of Lodi

Date: _____

Approved as to form _____
City Attorney

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY_____
JOHN SWEDENSKY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS
The effective date of this Agreement is: _____

CalPERS

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

SECTION I: Asset Allocation Strategy Selection

As the employer, I certify that my agency chooses the following asset allocation strategy

Select one Asset Allocation Strategy

Asset Allocation Strategy	Long-Term Expected Rate of Return
☐ Strategy 1	7.28%
☑ Strategy 2	6.73%
☐ Strategy 3	6.12%

SECTION II: ARC Funding

As the employer, I certify that our funding policy is to contribute consistently an amount that is equal to (select one):

Full ARC Funding:

☐ 100 % of the ARC as determined in our OPEB valuation (or AMM) dated _____, 20____, which used an actuarial Discount Rate of _____%

Partial ARC Funding:

☐ _____% of the ARC as determined in our OPEB valuation (or AMM if it applies) dated _____, 20___ which used a blended actuarial Discount Rate of _____%

☑ We will contribute to the trust using an approach not directly related to the ARC (*please describe your funding approach and how it relates to the discount rate assumption in your OPEB valuation (or AMM) dated* January 1, *20*16 *which used a blended actuarial Discount Rate of* 3.5 *%*

City will annually evaluate the amount that can be put into the trust during budget deliberations.

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

SECTION III: ARC Contribution Method

We plan to contribute toward the ARC in the following manner (select one):

- [ ] Contribute our full ARC payments to the trust and seek reimbursements for Pay-go costs
- [ ] Contribute our ARC payments to the trust net of Pay-go costs and not seek reimbursements (ARC minus Pay-go = Trust Contribution)
- [x] Other (Please describe):

City will annually evaluate the amount that can be put into the trust during budget deliberations.

SECTION IV: Years of ARC Coverage

This OPEB valuation provides ARC amounts for the following periods:

(ARC dates should correspond with Item No. 10.0 in Summary of Actuarial Information)

First Year: From July 1, 2015 through June 30, 2016.
Second Year: From July 1, 2016 through June 30, 2017.

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

We understand that we must obtain an actuarial valuation (or AMM if applicable) on at least a biennial basis.

We understand that we will be asked to provide accounting information to CalPERS as required in order to facilitate CalPERS compliance with GASB 43, 45 and 57 reporting requirements and we agree to make any information requested available to CalPERS on a timely basis.

We understand that CalPERS will provide us with our Statement of Plan Net Assets and our Statement of Changes in Plan Net Assets, which can be used to prepare our GASB 45 reporting. CalPERS will report aggregated GASB 43 information pertaining to the Funded Status and Funding Progress.

January 1, 2016

Date of OPEB Valuation (or AMM if it applies)

City of Lodi

Name of Employer

Stephen Schwabauer, City Manager

Printed Name and Title of Person Signing the Form

Signature Date

Derrick Cotten

Designated Employer Contact Name for GASB Reporting

209-333-6700 dcotten@lodi.gov

Phone # Email Address

CERTIFICATION OF OPEB FUNDING POLICY & GASB 43/45 REPORTING COMPLIANCE

Instructions to complete the form

SECTION I: Asset allocation Strategy and Discount Rate Selection

Check the box next to the Asset Allocation Strategy on which you have based your OPEB actuarial valuation or Alternative Measurement Method (AMM) cost report. Each strategy has a different assumed Long Term Expected Rate of Return and risk profile. Your CERBT assets will be invested using the Asset Allocation Strategy indicated here.

The choices you check off on this form should match those used by your actuary in the OPEB valuation.

SECTION II: ARC Funding

- If you are fully funding, check the first box indicating the 100% funding, the applicable Discount Rate, and the valuation date.

- If you are funding at less than 100%, check the second box to indicate the percentage of funding [trust contributions plus paygo (and Implicit Rate Subsidy if applicable) divided by ARC], the valuation date, and the Discount Rate.

- If you are funding at less than 100% and your contributions are not tied specifically to the ARC, then indicate how you expect to contribute. For example, if you intend to make unreimbursed pay-go payments plus a fixed dollar amount to the trust, then describe this in the space provided.

SECTION III: ARC Contribution Method

Here we ask you to indicate how you expect to make contributions to the trust: Full ARC with reimbursements, ARC net of paygo, or something else (please describe).

SECTION IV: Years of ARC Coverage

Generally, your OPEB valuation will provide two years of ARC coverage. Please identify the specific periods to which the ARC applies.

CalPERS

DELEGATION OF AUTHORITY TO REQUEST DISBURSEMENTS

RESOLUTION
OF THE

City Council
(GOVERNING BODY)

OF THE

City of Lodi
(NAME OF EMPLOYER)

The City Council (GOVERNING BODY) delegates to the incumbents

in the positions of City Manager (TITLE) and

Deputy City Manager (TITLE) and/or

Finance Manager (TITLE) authority to request on

behalf of the Employer disbursements from the Other Post Employment Prefunding

Plan and to certify as to the purpose for which the disbursed funds will be used.

By _____

Title Mayor

Witness _____

Date _____

1. AA# _____
2. JV# _____

CITY OF LODI
APPROPRIATION ADJUSTMENT REQUEST

TO:	Internal Services Dept. - Budget Division		
3. FROM:	**Jordan Ayers**	5. DATE:	**10/19/16**
4. DEPARTMENT/DIVISION:	**City Manager's Office**		

6. REQUEST ADJUSTMENT OF APPROPRIATION AS LISTED BELOW

	FUND #	ORG UNIT #	OBJECT #	ACCOUNT TITLE	AMOUNT
A. SOURCE OF FINANCING	**655**		**32205**	**Fund Balance**	**$ 1,000,000.00**
B. USE OF FINANCING	**655**	**65500000**	**72990**	**Special Payments**	**$ 1,000,000.00**

7. REQUEST IS MADE TO FUND THE FOLLOWING PROJECT NOT INCLUDED IN THE CURRENT BUDGET

Please provide a description of the project, the total cost of the project, as well as justification for the requested adjustment. If you need more space, use an additional sheet and attach to this form.

To appropriate funds that will be sent to an irrevocable third party trust for pre-funding the unfunded liability associated with Other Post-Employment Benefits (OPEB)

If Council has authorized the appropriation adjustment, complete the following:

Meeting Date: **10/19/16** Res No: _____ Attach copy of resolution to this form.

Department Head Signature: Jordan Ayers

8. APPROVAL SIGNATURES

Deputy City Manager/Internal Services Manager Date

Submit completed form to the Budget Division with any required documentation.
Final approval will be provided in electronic copy format.

RESOLUTION NO. 2016-____

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE ALL
NECESSARY DOCUMENTS TO ENTER OTHER
POST-EMPLOYMENT BENEFITS IRREVOCABLE TRUST
WITH CALIFORNIA EMPLOYER'S RETIREE BENEFIT
TRUST PROGRAM; SELECTING INVESTMENT STRATEGY
2; AND FURTHER APPROPRIATING FUNDS

==========

WHEREAS, Council held Shirtsleeve meetings on February 2, February 9, and September 13, 2016, to discuss a comprehensive set of budget and fiscal policies; and

WHEREAS, establishing an irrevocable trust to pre-fund the unfunded liability associated with the City's Other Post-Employment Benefits (OPEB) costs is a prudent best practice for local governmental agencies; and

WHEREAS, staff evaluated the offerings from the two primary providers of these services, namely California Employer's Retirement Benefit Trust (CERBT) and Public Agency Retirement Services (PARS); and

WHEREAS, staff recommends that Council approve entering an agreement with CERBT and select Investment Strategy 2; and

WHEREAS, Council had previously set aside $1,000,000 in the Benefits Fund for pre-funding OPEB liabilities; and

WHEREAS, staff recommends that Council approve initial funding of the trust with the above-referenced funds and appropriate funds accordingly.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi does hereby authorize the City Manager to execute all necessary documents to enter an Other Post-Employment Benefits Irrevocable Trust with California Employer's Retiree Benefit Trust Program (CERBT), select Investment Strategy 2, and further appropriate funds in the amount of $1,000,000 to fund the initial deposit to the trust.

Dated: October 19, 2016

==========

I hereby certify that Resolution No. 2016-____was passed and adopted by the City Council of the City of Lodi in a regular meeting held October 19, 2016, by the following votes:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

AGENDA ITEM J-01

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Ordinance No. 1929 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 17.30 – Landscaping – by Repealing and Re-Enacting Section 17.30.070, 'Water Efficient Landscape Requirements,' in Its Entirety"

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Motion waiving reading in full and (following reading by title) adopting the attached Ordinance No. 1929.

BACKGROUND INFORMATION: Ordinance No. 1929 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Chapter 17.30 – Landscaping – by Repealing and Re-Enacting Section 17.30.070, 'Water Efficient Landscape Requirements,' in Its Entirety," was introduced at the regular City Council meeting of September 21, 2016.

ADOPTION: With the exception of urgency ordinances, no ordinance may be passed within five days of its introduction. Two readings are therefore required – one to introduce and a second to adopt the ordinance. Ordinances may only be passed at a regular meeting or at an adjourned regular meeting; except for urgency ordinances, ordinances may not be passed at a special meeting. Id. All ordinances must be read in full either at the time of introduction or at the time of passage, unless a regular motion waiving further reading is adopted by a majority of all council persons present. ***Cal. Gov't Code § 36934***.

Ordinances take effect 30 days after their final passage. ***Cal. Gov't Code § 36937***.

This ordinance has been approved as to form by the City Attorney.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Jennifer M. Ferraiolo
City Clerk

JMF/PMF
Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

N:\Administration\CLERK\Council\COUNCOM\Ordinance1.DOC

ORDINANCE NO. 1929

AN ORDINANCE OF THE LODI CITY COUNCIL
AMENDING LODI MUNICIPAL CODE CHAPTER 17.30 –
LANDSCAPING – BY REPEALING AND RE-ENACTING
SECTION 17.30.070, "WATER EFFICIENT LANDSCAPE
REQUIREMENTS," IN ITS ENTIRETY

==========

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Chapter 17.30 – Landscaping – is hereby amended by repealing and reenacting Section 17.30.070, "Water Efficient Landscape Requirements," in its entirety, and shall read as follows:

17.30.070 Water Efficient Landscape Requirements.

A. Applicability.

1. The water efficient landscape requirements shall apply to all of the following landscape projects:

a. New construction projects with an aggregate landscape area equal to or greater than five hundred square feet requiring a building or landscape permit, plan check or design review;

b. Rehabilitated landscape projects with an aggregate landscape area equal to or greater than two thousand five hundred square feet requiring a building or landscape permit, plan check, or design review;

c. Existing landscapes limited to Sections 17.30.070(U), (V) and (W); and

d. Cemeteries. Recognizing the special landscape management needs of cemeteries, new and rehabilitated cemeteries are limited to Sections 17.30.070(G), 17.30.070(N) and 17.30.070(O); and existing cemeteries are limited to Sections 17.30.070(U), (V) and (W).

2. Any project with an aggregate landscape area of 2,500 square feet or less may comply with the performance requirements of this ordinance or conform to the prescriptive measures contained in California Code of Regulations Title 23, Chapter 2.7, § 495 Appendix D.

3. For projects using treated or untreated graywater or rainwater captured on site, any lot or parcel within the project that has less than 2,500 square feet of landscape and meets the lot or parcel's landscape water requirement (Estimated Total Water Use) entirely with treated or untreated graywater or through stored rainwater captured on site is subject only to California Code of Regulations Title 23, Chapter 2.7, § 495 Appendix D section (5).

4. The water efficient landscape requirements do not apply to:

a. Registered local, state or federal historical sites;

b. Ecological restoration projects that do not require a permanent irrigation system;

c. Mined-land reclamation projects that do not require a permanent irrigation system; or

d. Existing plant collections, as part of botanical gardens and arboretums open to the public.

B. Definitions. The terms used in the water efficient landscape requirements have the meaning set forth below:

1. "Applied water" means the portion of water supplied by the irrigation system to the landscape.

2. "Automatic irrigation controller" means a timing device used to remotely control valves that operate an irrigation system. Automatic irrigation controllers are able to self-adjust and schedule irrigation events using either evapotranspiration (weather-based) or soil moisture data.

3. "Backflow prevention device" means a safety device used to prevent pollution or contamination of the water supply due to the reverse flow of water from the irrigation system.

4. "Certificate of completion" means the document required under Section 17.30.070(L).

5. "Certified irrigation designer" means a person certified to design irrigation systems by an accredited academic institution, a professional trade organization, or other program, such as the US Environmental Protection Agency's WaterSense Irrigation Designer Certification Program and Irrigation Association's Certified Irrigation Designer Program.

6. "Certified landscape irrigation auditor" means a person certified to perform landscape irrigation audits by an accredited academic institution, a professional trade organization, or other program such as the US Environmental Protection Agency's WaterSense Irrigation Auditor Certification Program and Irrigation Association's Certified Landscape Irrigation Auditor Program.

7. "Check valve" or "anti-drain valve" means a valve located under a sprinkler head, or other location in the irrigation system, to hold water in the system to prevent drainage from sprinkler heads when the sprinkler is off.

8. "Common interest developments" means community apartment projects, condominium projects, planned developments, and stock cooperatives per Civil Code Section 1351.

9. “Compost” means the safe and stable product of controlled biologic decomposition of organic materials that is beneficial to plant growth.

10. "Conversion factor (0.62)" means the number that converts acre-inches per acre per year to gallons per square foot per year.

11. “Distribution uniformity” means the measure of the uniformity of irrigation water over a defined area.

12. "Drip irrigation" means any non-spray low volume irrigation system utilizing emission devices with a flow rate measured in gallons per hour. Low volume irrigation systems are specifically designed to apply small volumes of water slowly at or near the root zone of plants.

13. "Ecological restoration project" means a project where the site is intentionally altered to establish a defined, indigenous, historic ecosystem.

14. "Effective precipitation" or "usable rainfall" (Eppt) means the portion of total precipitation which becomes available for plant growth.

15. "Emitter" means a drip irrigation emission device that delivers water slowly from the system to the soil.

16. "Established landscape" means the point at which plants in the landscape have developed significant root growth into the soil. Typically, most plants are established after one or two years of growth.

17. "Establishment period of the plants" means the first year after installing the plant in the landscape or the first two years if irrigation will be terminated after establishment. Typically, most plants are established after one or two years of growth. Native habitat mitigation areas and trees may need three to five years for establishment.

18. "Estimated total water use" (ETWU) means the total water used for the landscape as described in Section 17.30.070(G).

19. "ET adjustment factor" (ETAF) means a factor of 0.55 for residential areas and 0.45 for non-residential areas that, when applied to reference evapotranspiration, adjusts for plant factors and irrigation efficiency, two major influences upon the amount of water that needs to be applied to the landscape. The ETAF for new and existing (non-rehabilitated) special landscape area shall not exceed 1.0. The ETAF for existing non-rehabilitated landscapes is 0.8.

20. "Evapotranspiration rate" means the quantity of water evaporated from adjacent soil and other surfaces and transpired by plants during a specified time.

21. "Flow rate" means the rate at which water flows through pipes, valves and emission devices, measured in gallons per minute, gallons per hour, or cubic feet per second.

22. “Flow sensor” means an inline device installed at the supply point of the irrigation system that produces a repeatable signal proportional to flow rate. Flow sensors must be connected to an automatic irrigation controller, or flow monitor capable of receiving flow signals and operating master valves. This combination flow sensor/controller may also function as a landscape water meter or submeter.

23. “Friable” means a soil condition that is easily crumbled or loosely compacted down to a minimum depth per planting material requirements, whereby the root structure of newly-planted material will be allowed to spread unimpeded.

24. “Fuel Modification Plan Guidelines” means guidelines from a local fire authority to assist residents and businesses that are developing land or building structures in a fire hazard severity zone.

25. “Graywater" means untreated wastewater that has not been contaminated by any toilet discharge, has not been affected by infectious, contaminated, or unhealthy bodily wastes, and does not present a threat from contamination by unhealthful processing, manufacturing, or operating wastes. "Graywater" includes, but is not limited to, wastewater from bathtubs, showers, bathroom washbasins, clothes washing machines, and laundry tubs, but does not include wastewater from kitchen sinks or dishwashers. Health and Safety Code Section 17922.12.

26. "Hardscapes" means any durable material (pervious and non-pervious).

27. "Hydrozone" means a portion of the landscaped area having plants with similar water needs and rooting depth. A hydrozone may be irrigated or non-irrigated.

28. "Infiltration rate" means the rate of water entry into the soil expressed as a depth of water per unit of time (e.g., inches per hour).

29. "Invasive plant species" means species of plants not historically found in California that spread outside cultivated areas and can damage environmental or economic resources. Invasive species may be regulated by county agricultural agencies as noxious species. Lists of invasive plants are maintained at the California Invasive Plant Inventory and USDA Invasive and Noxious Weeds.

30. "Irrigation audit" means an in-depth evaluation of the performance of an irrigation system conducted by a certified landscape irrigation auditor. An irrigation audit includes, but is not limited to: inspection, system tune-up, system test with distribution uniformity or emission uniformity, reporting overspray or runoff that causes overland flow, and preparation of an irrigation schedule. The audit must be conducted in a manner consistent with the Irrigation Association's Landscape Irrigation Auditor Certification program or other U.S. Environmental Protection Agency "Watersense" labeled auditing program.

31. "Irrigation efficiency" (IE) means the measurement of the amount of water beneficially used divided by the amount of water applied. Irrigation efficiency is derived from measurements and estimates of irrigation system characteristics and management practices. The irrigation efficiency for purposes of the water efficient landscape requirements are 0.75 for overhead spray devices and 0.81 for drip systems.

32. "Irrigation survey" means an evaluation of an irrigation system that is less detailed than an irrigation audit. An irrigation survey includes, but is not limited to: inspection, system test, and written recommendations to improve performance of the irrigation system.

33. "Irrigation water use analysis" means an analysis of water-use data based on meter readings and billing data.

34. "Landscape architect" means a person who holds a license to practice landscape architecture in the State of California pursuant to Business and Professions Code Section 5615.

35. "Landscape area" means all the planting areas, turf areas, and water features in a landscape design plan subject to the maximum applied water allowance calculation. The landscape area does not include footprints of buildings or structures, sidewalks, driveways, parking lots, decks, patios, gravel or stone walks, other pervious or non-pervious hardscapes, and other non-irrigated areas designated for non-development (e.g., open spaces and existing native vegetation).

36. "Landscape contractor" means a person licensed by the State of California to construct, maintain, repair, install, or subcontract the development of landscape systems.

37. "Landscape documentation package" means the documents required under Section 17.30.070(F).

38. "Landscape project" means total area of landscape in a project as defined in "landscape area" for the purposes of the water efficient landscape requirements, meeting requirements under Section 17.30.070(A).

39. “Landscape water meter” means an inline device installed at the irrigation supply point that measures the flow of water into the irrigation system and is connected to a totalizer to record water use.

40. "Lateral line" means the water delivery pipeline that supplies water to the emitters or sprinklers from the valve.

41. "Local water purveyor" means any entity, including a public agency, city, county, or private water company, that provides retail water service.

42. "Low volume irrigation" means the application of irrigation water at low pressure through a system of tubing or lateral lines and low-volume emitters such as drip, drip lines, and bubblers. Low volume irrigation systems are specifically designed to apply small volumes of water slowly at or near the root zone of plants.

43. "Main line" means the pressurized pipeline that delivers water from the water source to the valve or outlet.

44. “Master shut-off valve” is an automatic valve installed at the irrigation supply point which controls water flow into the irrigation system. When this valve is closed, water will not be supplied to the irrigation system. A master valve will greatly reduce any water loss due to a leaky station valve.

45. "Maximum Applied Water Allowance" (MAWA) means the upper limit of annual applied water for the established landscaped area as specified in Section 17.30.070(G). It is based upon the area's reference evapotranspiration, the ET adjustment factor, and the size of the landscape area. The Estimated Total Water Use shall not exceed the maximum applied water allowance. Special landscape areas, including recreation areas, areas permanently and solely dedicated to edible plants, such as orchards and vegetable gardens, and areas irrigated with recycled water are subject to the MAWA with an ETAF not to exceed 1.0. MAWA = (ETo) (0.62) [(ETAF x LA) + ((1-ETAF) x SLA)].

46. “Median” is an area between opposing lanes of traffic that may be unplanted or planted with trees, shrubs, perennials, and ornamental grasses.

47. "Microclimate" means the climate of a small, specific area that may contrast with the climate of the overall landscape area due to factors such as wind, sun exposure, plant density, or proximity to reflective surfaces.

48. "Mined-land reclamation projects" means any surface mining operation with a reclamation plan approved in accordance with the Surface Mining and Reclamation Act of 1975.

49. "Mulch" means any organic material such as leaves, bark, straw, compost, or inorganic mineral materials such as rocks, gravel, and decomposed granite left loose and applied to the soil surface for the beneficial purposes of reducing evaporation, suppressing weeds, moderating soil temperature, and preventing soil erosion.

50. "New construction" means, for the purposes of this title, a new building with a landscape or other new landscape, such as a park, playground, or greenbelt without an associated building.

51. ”Non-residential landscape” means landscapes in commercial, institutional, industrial, and public settings that may have areas designated for recreation or public assembly. It also includes portions of common areas of common interest developments with designated recreational areas.

52. "Operating pressure" means the pressure at which the parts of an irrigation system are designed by the manufacturer to operate.

53. "Overhead sprinkler irrigation systems" means systems that deliver water through the air (e.g., spray heads and rotors).

54. "Overspray" means the irrigation water which is delivered beyond the target area.

55. "Permit" means an authorizing document issued by local agencies for new construction or rehabilitated landscapes.

56. "Pervious" means any surface or material that allows the passage of water through the material and into the underlying soil.

57. "Plant factor" or "plant water use factor" is a factor, when multiplied by ETo, estimates the amount of water needed by plants. For purposes of this title, the plant factor range for very low water use plants is 0 to 0.1, the plant factor range for low water use plants is 0.1 to 0.3, the plant factor range for moderate water use plants is 0.4 to 0.6, and the plant factor range for high water use plants is 0.7 to 1.0. Plant factors cited in this title are derived from the publication "Water Use Classification of Landscape Species." Plant factors may also be obtained from horticultural researchers from academic institutions or professional associations as approved by the California Department of Water Resources (DWR).

58. "Project applicant" means the individual or entity submitting a landscape documentation package required under Section 17.30.070(F), to request a permit, plan check, or design review from the City of Lodi. A project applicant may be the property owner or his or her designee.

59. "Rain sensor" or "rain sensing shutoff device" means a component which automatically suspends an irrigation event when it rains.

60. "Record drawing" or "as-builts" means a set of reproducible drawings which show significant changes in the work made during construction and which are usually based on drawings marked up in the field and other data furnished by the contractor.

61. "Recreational area" means areas, excluding private single-family residential areas, designated for active play, recreation or public assembly in parks, sports fields, picnic grounds, amphitheaters or golf course tees, fairways, roughs, surrounds and greens where turf provides a playing surface.

62. "Recycled water," "reclaimed water," or "treated sewage effluent water" means treated or recycled waste water of a quality suitable for non-potable uses such as landscape irrigation and water features. This water is not intended for human consumption.

63. "Reference evapotranspiration" or "ETo" means a standard measurement of environmental parameters which affect the water use of plants. ETo is expressed in inches per day, month, or year, and is an estimate of the evapotranspiration of a large field of four- to seven-inch tall, cool-season grass that is well watered. Reference evapotranspiration is used as the basis of determining the maximum

applied water allowance so that regional differences in climate can be accommodated.

64. “Regional Water Efficient Landscape Ordinance” means a local ordinance adopted by two or more local agencies, water suppliers and other stakeholders for implementing a consistent set of landscape provisions throughout a geographical region. Regional ordinances are strongly encouraged to provide a consistent framework for the landscape industry and applicants to adhere to.

65. "Rehabilitated landscape" means any re-landscaping project that requires a permit, plan check, or design review, meets the requirements of Section 17.30.070(A), and the modified landscape area is equal to or greater than two thousand five hundred square feet.

66. “Residential landscape” means landscapes surrounding single or multifamily homes.

67. "Runoff" means water which is not absorbed by the soil or landscape to which it is applied and flows from the landscape area. For example, runoff may result from water that is applied at too great a rate (application rate exceeds infiltration rate) or when there is a slope.

68. "Soil moisture sensing device" or "soil moisture sensor" means a device that measures the amount of water in the soil. The device may also suspend or initiate an irrigation event.

69. "Soil texture" means the classification of soil based on its percentage of sand, silt, and clay.

70. "Special landscape area" (SLA) means an area of the landscape dedicated solely to edible plants, recreational areas, areas irrigated with recycled water, or water features using recycled.

71. "Sprinkler head" means a device which delivers water through a nozzle.

72. "Static water pressure" means the pipeline or municipal water supply pressure when water is not flowing.

73. "Station" means an area served by one valve or by a set of valves that operate simultaneously.

74. “Submeter” means a metering device to measure water applied to the landscape that is installed after the primary utility water meter.

75. "Swing joint" means an irrigation component that provides a flexible, leak-free connection between the emission device and lateral pipeline to allow movement in any direction and to prevent equipment damage.

76. "Turf" means a ground cover surface of mowed grass. Annual bluegrass, Kentucky bluegrass, Perennial ryegrass, Red fescue, and Tall fescue are cool-season grasses. Bermudagrass, Kikuyugrass, Seashore Paspalum, St. Augustinegrass, Zoysiagrass, and Buffalo grass are warm-season grasses.

77. "Valve" means a device used to control the flow of water in the irrigation system.

78. "Water conserving plant species" means a plant species identified as having a very low or low plant factor.

79. "Water feature" means a design element where open water performs an aesthetic or recreational function. Water features include ponds, lakes, waterfalls, fountains, artificial streams, spas, and swimming pools (where water is artificially supplied). The surface area of water features is included in the high water use hydrozone of the landscape area. Constructed wetlands used for on-site wastewater treatment or stormwater best management practices that are not irrigated and used solely for water treatment or stormwater retention are not water features and, therefore, are not subject to the water budget calculation.

80. "Watering window" means the time of day irrigation is allowed.

81. "WUCOLS" means the Water Use Classification of Landscape Species published by the University of California Cooperative Extension, the Department of Water Resources 2014 edition.

C. Provisions for New Construction or Rehabilitated Landscapes. The City of Lodi may designate by mutual agreement, another agency, such as a water purveyor, to implement some or all of the requirements contained in the water efficient landscape requirements. The city may collaborate with water purveyors to define each entity's specific responsibilities relating to this title.

D. Compliance with Landscape Documentation Package.

1. Prior to construction, the city shall:

   a. Provide the project applicant with the ordinance and procedures for permits, plan checks, or design reviews;

   b. Review the landscape documentation package submitted by the project applicant;

   c. Approve or deny the landscape documentation package;

   d. Issue a permit or approve the plan check or design review for the project applicant; and

   e. Upon approval of the landscape documentation package, submit a copy of the water efficient landscape worksheet to the local water purveyor.

2. Prior to construction, the project applicant shall:

   a. Submit a landscape documentation package to the city.

3. Upon approval of the landscape documentation package by the city, the project applicant shall:

   a. Receive a permit or approval of the plan check or design review and record the date of the permit in the certificate of completion;

   b. Submit a copy of the approved landscape documentation package, along with the record drawings, and any other information to the property owner or his/her designee; and

   c. Submit a copy of the water efficient landscape worksheet to the local water purveyor.

E. Penalties. The city may identify penalties to the project for non-compliance with the water efficient landscape requirements.

F. Elements of the Landscape Documentation Package. The landscape documentation package shall include the following six elements:

1. Project information:
    a. Date;
    b. Project applicant;
    c. Project address (if available, parcel and/or lot number(s));
    d. Total landscape area (square feet);
    e. Project type (e.g., new, rehabilitated, public, private, cemetery, homeowner-installed);
    f. Water supply type (e.g., potable, recycled, well) and identify the local retail water purveyor if the applicant is not served by a private well;
    g. Checklist of all documents in landscape documentation package;
    h. Project contacts to include contact information for the project applicant and property owner; and
    i. Applicant signature and date with statement: "I agree to comply with the requirements of the Water Efficient Landscape Requirements and submit a complete Landscape Documentation Package".
2. Water efficient landscape worksheet:
    a. Hydrozone information table;
    b. Water budget calculations:
        i. Maximum applied water allowance (MAWA); and
        ii. Estimated total water use (ETWU).
3. Soil management report.
4. Landscape design plan.
5. Irrigation design plan.
6. Grading design plan.

G. Water Efficient Landscape Worksheet.

1. A project applicant shall complete the water efficient landscape worksheet which contains information on the plant factor, irrigation method, irrigation efficiency, and area associated with each hydrozone. Calculations are then made to show that the evapotranspiration adjustment factor (ETAF) for the landscape project does not exceed a factor of 0.55 for residential areas and 0.45 for non-residential areas, exclusive of Special Landscape Areas. The ETAF for a landscape project is based on the plant factors and irrigation methods selected. The Maximum Applied Water Allowance is calculated based on the maximum ETAF allowed (0.55 for residential areas and 0.45 for non-residential areas) and expressed as annual gallons required. The Estimated Total Water Use (ETWU) is calculated based on the plants used and irrigation method selected for the landscape design. ETWU must be below the MAWA.

In calculating the maximum applied water allowance and estimated total water use, a project applicant shall use the ETo values from the Reference Evapotranspiration Table below. For geographic areas not covered in California Code of Regulations Title 23, Chapter 2.7, § 495 Appendix A, use data from other cities located nearby in the same reference evapotranspiration zone, as found in the CIMIS Reference Evapotranspiration Zones Map, Department of Water Resources, 1999.

Reference Evapotranspiration (ETo) Table.													
County and City	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Annual ETo**
SAN JOAQUIN													
Lodi West	1.0	1.6	3.3	4.3	6.3	6.9	7.3	6.4	4.5	3.0	1.4	0.8	46.7

*The values in this table were derived from:

1) California Irrigation Management Information System (CIMIS);
2) Reference EvapoTranspiration Zones Map, UC Dept. of Land, Air & Water Resources and California Dept of Water Resources 1999;
3) Reference Evapotranspiration for California, University of California, Department of Agriculture and Natural Resources (1987) Bulletin 1922; and
4) Determining Daily Reference Evapotranspiration, Cooperative Extension UC Division of Agriculture and Natural Resources (1987), Publication Leaflet 21426.

2. Water budget calculations shall adhere to the following requirements:

   a. The plant factor used shall be from WUCOLS or from horticultural researchers with academic institutions or professional associations as approved by the California Department of Water Resources (DWR). The plant factor ranges from 0 to 0.1 for very low water using plants, 0.1 to 0.3 for low water use plants, from 0.4 to 0.6 for moderate water use plants, and from 0.7 to 1.0 for high water use plants.

   b. All water features shall be included in the high water use hydrozone and temporarily irrigated areas shall be included in the low water use hydrozone.

   c. All special landscape areas shall be identified and their water use calculated as shown in California Code of Regulations Title 23, Chapter 2.7, § 495 Appendix B.

   d. ETAF for new and existing (non-rehabilitated) special landscape areas shall not exceed 1.0.

H. Soil Management Report. In order to reduce runoff and encourage healthy plant growth, a soil management report shall be completed by the project applicant, or his/her designee, as follows:

1. Submit soil samples to a laboratory for analysis and recommendations.

a. Soil sampling shall be conducted in accordance with laboratory protocol, including protocols regarding adequate sampling depth for the intended plants.

b. The soil analysis shall include:

i. Soil texture;

ii. Infiltration rate determined by laboratory test or soil texture infiltration rate table;

iii. pH;

iv. Total soluble salts;

v. Sodium;

vi. Percent organic matter; and

vii. Recommendations.

c. In projects with multiple landscape installations (i.e., production home developments) a soil sampling rate of 1 in 7 lots or approximately 15% will satisfy this requirement. Large landscape projects shall sample at a rate equivalent to 1 in 7 lots.

2. The project applicant, or his/her designee, shall comply with one of the following:

a. If significant mass grading is not planned, the soil analysis report shall be submitted to the city as part of the landscape documentation package; or

b. If significant mass grading is planned, the soil analysis report shall be submitted to the city as part of the certificate of completion.

3. The soil analysis report shall be made available, in a timely manner, to the professionals preparing the landscape design plans and irrigation design plans to make any necessary adjustments to the design plans.

4. The project applicant, or his/her designee, shall submit documentation verifying implementation of soil analysis report recommendations to the city with certificate of completion.

I. Landscape Design Plan.

1. For the efficient use of water, a landscape shall be carefully designed and planned for the intended function of the project. A landscape design plan meeting the following design criteria shall be submitted as part of the landscape documentation package.

a. Plant Material.

i. Any plant may be selected for the landscape, providing the estimated total water use in the landscape area does not exceed the Maximum Applied Water Allowance. Methods to achieve water efficiency shall include one or more of the following:

(A) Protection and preservation of native species and natural vegetation;

(B) Selection of water-conserving plant, tree and turf species, especially local native plants;

(C) Selection of plants based on local climate suitability, disease and pest resistance;

(D) Selection of trees based on applicable city tree ordinances or tree shading guidelines, and size at maturity as appropriate for the planting area;

(E) Selection of plants from city and regional landscape program plant lists; and

(F) Selection of plants from local Fuel Modification Plan Guidelines.

ii. Each hydrozone shall have plant materials with similar water use, with the exception of hydrozones with plants of mixed water use, as specified in Section 17.30.070(J)(1)(b)(iv).

iii. Plants shall be selected and planted appropriately based upon their adaptability to the climatic, geologic, and topographical conditions of the project site. Methods to achieve water efficiency shall include one or more of the following:

(A) Use the Sunset Western Climate Zone System which takes into account temperature, humidity, elevation, terrain, latitude, and varying degrees of continental and marine influence on local climate;

(B) Recognize the horticultural attributes of plants (i.e., mature plant size, invasive surface roots) to minimize damage to property or infrastructure [e.g., buildings, sidewalks, power lines]; allow for adequate soil volume for healthy root growth; and

(C) Consider the solar orientation for plant placement to maximize summer shade and winter solar gain.

iv. Turf is not allowed on slopes greater than twenty-five percent where the toe of the slope is adjacent to an impermeable hardscape and where twenty-five percent means one foot of vertical elevation change for every four feet of horizontal length (rise divided by run multiplied by one hundred equals slope percent).

v. High water use plants, characterized by a plant factor of 0.7 to 1.0, are prohibited in street medians

vi. A landscape design plan for projects in fire-prone areas shall address fire safety and prevention. A defensible space or zone around a building or structure is required per Public Resources Code Sections 4291(a) and (b). Avoid fire-prone plant materials and highly flammable mulches. Refer to the local Fuel Modification Plan Guidelines.

vii. The use of invasive plant species, such as those listed by the California Invasive Plant Council, is strongly discouraged.

viii. The architectural guidelines of a common interest development, which include community apartment projects, condominiums,

planned developments, and stock cooperatives, shall not prohibit or include conditions that have the effect of prohibiting the use of low-water use plants as a group.

b. Water Features.

i. Recirculating water systems shall be used for water features.

ii. Where available, recycled water shall be used as a source for decorative water features.

iii. Surface area of a water feature shall be included in the high water use hydrozone area of the water budget calculation.

iv. Pool and spa covers are highly recommended.

c. Soil Preparation, Mulch, and Amendments.

i. Prior to the planting of any materials, compacted soils shall be transformed to a friable condition. On engineered slopes, only amended planting holes need meet this requirement.

ii. Soil amendments shall be incorporated according to recommendations of the soil report and what is appropriate for the plants selected (see California Code of Regulations Title 23, Chapter 2.7, § 492.5).

iii. For landscape installations, compost at a rate of a minimum of four cubic yards per 1,000 square feet of permeable area shall be incorporated to a depth of six inches into the soil. Soils with greater than 6% organic matter in the top six inches of soil are exempt from adding compost and tilling.

iv. A minimum three-inch layer of mulch shall be applied on all exposed soil surfaces of planting areas except in turf areas, creeping or rooting groundcovers, or direct seeding applications where mulch is contraindicated. To provide habitat for beneficial insects and other wildlife, up to 5% of the landscape area may be left without mulch. Designated insect habitat must be included in the landscape design plan as such.

v. Stabilizing mulching products shall be used on slopes that meet current engineering standards.

vi The mulching portion of the seed/mulch slurry in hydro-seeded applications shall meet the mulching requirement.

vii. Organic mulch materials made from recycled or post-consumer products shall take precedence over inorganic materials or virgin forest products unless the recycled post-consumer organic products are not locally available. Organic mulches are not required where prohibited by local Fuel Modification Plan Guidelines or other applicable local ordinances.

2. The landscape design plan, at a minimum, shall:

a. Delineate and label each hydrozone by number, letter, or other method;

b. Identify each hydrozone as low, moderate, high water, or mixed water use. Temporarily irrigated areas of the landscape shall be included in the low water use hydrozone for the water budget calculation;

c. Identify recreational areas;

d. Identify areas permanently and solely dedicated to edible plants;

e. Identify areas irrigated with recycled water;

f. Identify type of mulch and application depth;

g. Identify soil amendments, type, and quantity;

h. Identify type and surface area of water features;

i. Identify hardscapes (pervious and non-pervious);

j. Identify location and installation details, and 24-hour retention or infiltration capacity of any applicable stormwater best management practices that encourage on-site retention and infiltration of stormwater. Project applicants shall refer to the local agency or regional Water Quality Control Board for information on any applicable stormwater technical requirements. Stormwater best management practices are encouraged in the landscape design plan and examples (see Section 17.30.070(S)).

k. Identify any applicable rain harvesting or catchment technologies as discussed in Section 17.30.070(S) and their 24-hour retention or infiltration capacity;

l. Identify any applicable graywater discharge piping, system components and area(s) of distribution;

m. Contain the following statement: "I have complied with the criteria of the Water Efficient Landscape Requirements and applied them for the efficient use of water in the landscape design plan"; and

n. Bear the signature of a licensed landscape architect, licensed landscape contractor, or any other person authorized to design a landscape.

J. Irrigation Design Plan.

1. This section applies to landscaped areas requiring permanent irrigation, not areas that require temporary irrigation solely for the plant establishment period. For the efficient use of water, an irrigation system shall meet all the requirements listed in this section and the manufacturers' recommendations. The irrigation system and its related components shall be planned and designed to allow for proper installation, management, and maintenance. An irrigation design plan meeting the following design criteria shall be submitted as part of the landscape documentation package.

a. System.

i. Landscape water meters, defined as either a dedicated water service meter or private submeter, shall be installed for all non-residential irrigated landscapes of 1,000 sq. ft. but not more than 5,000 sq.ft. (the level at which Water Code Section 535 applies) and residential irrigated landscapes of 5,000 sq. ft. or greater. A landscape water meter may be either:

1. A customer service meter dedicated to landscape use provided by the local water purveyor; or

2. A privately-owned meter or submeter.

ii. Automatic irrigation controllers utilizing either evapotranspiration or soil moisture sensor data utilizing non-volatile memory shall be required for irrigation scheduling in all irrigation systems.

iii. If the water pressure is below or exceeds the recommended pressure of the specified irrigation devices, the installation of a pressure regulating device is required to ensure that the dynamic pressure at each emission device is within the manufacturer's recommended pressure range for optimal performance.

(A) If the static pressure is above or below the required dynamic pressure of the irrigation system, pressure-regulating devices such as inline pressure regulators, booster pumps, or other devices shall be installed to meet the required dynamic pressure of the irrigation system.

(B) Static water pressure, dynamic or operating pressure, and flow reading of the water supply shall be measured at the point of connection. These pressure and flow measurements shall be conducted at the design stage. If the measurements are not available at the design stage, the measurements shall be conducted at installation.

iv. Sensors (rain, freeze, wind, etc.), either integral or auxiliary, that suspend or alter irrigation operation during unfavorable weather conditions shall be required on all irrigation systems, as appropriate for local climatic conditions. Irrigation should be avoided during windy or freezing weather or during rain.

v. Manual shut-off valves (such as a gate valve, ball valve, or butterfly valve) shall be required, as close as possible to the point of connection of the water supply, to minimize water loss in case of an emergency (such as a main line break) or routine repair.

vi. Backflow prevention devices shall be required to protect the water supply from contamination by the irrigation system. A project applicant shall refer to the applicable city code (i.e., public health) for additional backflow prevention requirements.

vii. Flow sensors that detect high flow conditions created by system damage or malfunction are required for all non-residential landscapes and residential landscapes of 5,000 sq. ft. or larger.

viii. Master shut-off valves are required on all projects except landscapes that make use of technologies that allow for the individual control of sprinklers that are individually pressurized in a system equipped with low-pressure shut-down features.

ix. The irrigation system shall be designed to prevent runoff, low head drainage, overspray, or other similar conditions where irrigation water flows onto non-targeted areas, such as adjacent

property, non-irrigated areas, hardscapes, roadways, or structures.

x. Relevant information from the soil management plan, such as soil type and infiltration rate, shall be utilized when designing irrigation systems.

xi. The design of the irrigation system shall conform to the hydrozones of the landscape design plan.

xii. The irrigation system must be designed and installed to meet, at a minimum, the irrigation efficiency criteria as described in Section 17.30.070(G) regarding the maximum applied water allowance.

xiii. All irrigation emission devices must meet the requirements set in the American National Standards Institute (ANSI) standard, American Society of Agricultural and Biological Engineers'/International Code Council's (ASABE/ICC) 802-2014 "Landscape Irrigation Sprinkler and Emitter Standard." All sprinkler heads installed in the landscape must document a distribution uniformity low quarter of 0.65 or higher using the protocol defined in ASABE/ICC 802-2014.

xiv. It is highly recommended that the project applicant or city inquire with the local water purveyor about peak water operating demands (on the water supply system) or water restrictions that may impact the effectiveness of the irrigation system.

xv. In mulched planting areas, the use of low volume irrigation is required to maximize water infiltration into the root zone.

xvi. Sprinkler heads and other emission devices shall have matched precipitation rates, unless otherwise directed by the manufacturer's recommendations.

xvii. Head-to-head coverage is recommended. However, sprinkler spacing shall be designed to achieve the highest possible distribution uniformity using the manufacturer's recommendations.

xviii. Swing joints or other riser-protection components are required on all risers subject to damage that are adjacent to hardscapes or in high traffic areas of turfgrass.

xix. Check valves or anti-drain valves are required systems on all sprinkler heads where low point drainage could occur.

xx. Areas less than ten feet in width in any direction shall be irrigated with subsurface irrigation or other means that produce no runoff or overspray.

xxi. Overhead irrigation shall not be permitted within twenty-four inches of any non-permeable surface. Allowable irrigation within the setback from non-permeable surfaces may include drip, drip line, or other low flow non-spray technology. The setback area may be planted or unplanted. The surfacing of the setback may be mulch, gravel, or other porous material. These restrictions may be modified if:

(A) The landscape area is adjacent to permeable surfacing and no runoff occurs;

(B) The adjacent non-permeable surfaces are designed and constructed to drain entirely to landscaping; or

(C) The irrigation designer specifies an alternative design or technology, as part of the landscape documentation package and clearly demonstrates strict adherence to irrigation system design criteria in Section 17.30.070(J)(1)(a)(ix). Prevention of overspray and runoff must be confirmed during the irrigation audit.

xxii. Slopes greater than twenty-five percent shall not be irrigated with an irrigation system with an application rate exceeding 0.75 inches per hour. This restriction may be modified if the landscape designer specifies an alternative design or technology, as part of the landscape documentation package, and clearly demonstrates no runoff or erosion will occur. Prevention of runoff and erosion must be confirmed during the irrigation audit.

b. Hydrozone.

i. Each valve shall irrigate a hydrozone with similar site, slope, sun exposure, soil conditions, and plant materials with similar water use.

ii. Sprinkler heads and other emission devices shall be selected based on what is appropriate for the plant type within that hydrozone.

iii. Where feasible, trees shall be placed on separate valves from shrubs, groundcovers, and turf to facilitate the appropriate irrigation of trees. The mature size and extent of the root zone shall be considered when designing irrigation for trees.

iv. Individual hydrozones that mix plants of moderate and low water use, or moderate and high water use, may be allowed if:

(A) Plant factor calculation is based on the proportions of the respective plant water uses and their plant factor; or

(B) The plant factor of the higher water using plant is used for calculations.

v. Individual hydrozones that mix high and low water use plants shall not be permitted.

vi. On the landscape design plan and irrigation design plan, hydrozone areas shall be designated by number, letter, or other designation. On the irrigation design plan, designate the areas irrigated by each valve, and assign a number to each valve. Use this valve number in the Hydrozone Information Table (see California Code of Regulations Title 23, Chapter 2.7, § 495 Appendix B, Section A). This table can also assist with the irrigation audit and programming the controller.

2. The irrigation design plan, at a minimum, shall contain:

a. Location and size of separate water meters for landscape;

b. Location, type and size of all components of the irrigation system, including controllers, main and lateral lines, valves, sprinkler heads, moisture sensing devices, rain switches, quick couplers, pressure regulators, and backflow prevention devices;

c. Static water pressure at the point of connection to the public water supply;

d. Flow rate (gallons per minute), application rate (inches per hour), and design operating pressure (pressure per square inch) for each station;

e. Recycled water irrigation systems as specified in Section 17.30.070(Q);

f. The following statement: "I have complied with the criteria of the ordinance and applied them accordingly for the efficient use of water in the irrigation design plan"; and

g. The signature of a licensed landscape architect, certified irrigation designer, licensed landscape contractor, or any other person authorized to design an irrigation system.

K. Grading Design Plan. For the efficient use of water, grading of a project site shall be designed to minimize soil erosion, runoff, and water waste. A grading plan shall be submitted as part of the landscape documentation package. A comprehensive grading plan prepared by a civil engineer for other city permits satisfies this requirement.

1. The project applicant shall submit a landscape grading plan that indicates finished configurations and elevations of the landscape area including:

a. Height of graded slopes;

b. Drainage patterns;

c. Pad elevations;

d. Finish grade; and

e. Stormwater retention improvements, if applicable.

2. To prevent excessive erosion and runoff, it is highly recommended that project applicants:

a. Grade so that all irrigation and normal rainfall remains within property lines and does not drain on to non-permeable hardscapes;

b. Avoid disruption of natural drainage patterns and undisturbed soil; and

c. Avoid soil compaction in landscape areas.

3. The grading design plan shall contain the following statement: "I have complied with the criteria of the Water Efficient Landscape Requirements and applied them accordingly for the efficient use of water in the grading design plan" and shall bear the signature of a licensed professional as authorized by law.

L. Certificate of Completion.

1. The certificate of completion shall include the following six elements:

a. Project information sheet that contains:

i. Date;

ii. Project name;

iii. Project applicant name, telephone, and mailing address;

iv. Project address and location; and

v. Property owner name, telephone, and mailing address.

b. Certification by either the signer of the landscape design plan, the signer of the irrigation design plan, or the licensed landscape contractor that the landscape project has been installed per the approved landscape documentation package.

i. Where there have been significant changes made in the field during construction, these "as-built" or record drawings shall be included with the certification.

ii. A diagram of the irrigation plan showing hydrozones shall be kept with the irrigation controller for subsequent management purposes.

c. Irrigation scheduling parameters used to set the controller (see Section 17.30.070(M));

d. Landscape and irrigation maintenance schedule (see Section 17.30.070(N));

e. Irrigation audit report (see Section 17.30.070(O)); and

f. Soil management report, if not submitted with landscape documentation package, and documentation verifying implementation of soil report recommendations (see Section 17.30.070(H)).

2. The project applicant shall:

a. Submit the signed certificate of completion to the city for review; and

b. Ensure that copies of the approved certificate of completion are submitted to the local water purveyor and property owner or his or her designee.

3. The city shall:

a. Receive the signed certificate of completion from the project applicant; and

b. Approve or deny the certificate of completion. If the certificate of completion is denied, the city shall provide information to the project applicant regarding reapplication, appeal, or other assistance.

M. Irrigation Scheduling. For the efficient use of water, all irrigation schedules shall be developed, managed, and evaluated to utilize the minimum amount of water required to maintain plant health. Irrigation schedules shall meet the following criteria:

1. Irrigation scheduling shall be regulated by automatic irrigation controllers.

2. Overhead irrigation shall be scheduled between 8:00 p.m. and 10:00 a.m. unless weather conditions prevent it. If allowable hours of irrigation differ from the local water purveyor, the stricter of the two shall apply. Operation of the irrigation

system outside the normal watering window is allowed for auditing and system maintenance.

3. For implementation of the irrigation schedule, particular attention must be paid to irrigation run times, emission device, flow rate, and current reference evapotranspiration, so that applied water meets the estimated total water use. Total annual applied water shall be less than or equal to Maximum Applied Water Allowance (MAWA). Actual irrigation schedules shall be regulated by automatic irrigation controllers using current reference evapotranspiration data (e.g., CIMIS) or soil moisture sensor data.

4. Parameters used to set the automatic controller shall be developed and submitted for each of the following:

   a. The plant establishment period;

   b. The established landscape; and

   c. Temporarily irrigated areas.

5. Each irrigation schedule shall consider for each station all of the following that apply:

   a. Irrigation interval (days between irrigation);

   b. Irrigation run times (hours or minutes per irrigation event to avoid runoff);

   c. Number of cycle starts required for each irrigation event to avoid runoff;

   d. Amount of applied water scheduled to be applied on a monthly basis;

   e. Application rate setting;

   f. Root depth setting;

   g. Plant type setting;

   h. Soil type;

   i. Slope factor setting;

   j. Shade factor setting; and

   k. Irrigation uniformity or efficiency setting.

N. Landscape and Irrigation Maintenance Schedule.

1. Landscapes shall be maintained to ensure water use efficiency. A regular maintenance schedule shall be submitted with the certificate of completion.

2. A regular maintenance schedule shall include, but not be limited to, routine inspection; auditing, adjustment and repair of the irrigation system and its components; aerating and dethatching turf areas; topdressing with compost; replenishing mulch; fertilizing; pruning; weeding in all landscape areas; and removing obstructions to emission devices. Operation of the irrigation system outside the normal watering window is allowed for auditing and system maintenance.

3. Repair of all irrigation equipment shall be done with the originally-installed components or their equivalents or with components with greater efficiency.

4. A project applicant is encouraged to implement established landscape industry sustainable Best Practices for all landscape maintenance activities.

O. Irrigation Audit, Irrigation Survey, and Irrigation Water Use Analysis.

1. All landscape irrigation audits shall be conducted by a local agency landscape irrigation auditor or a third party certified landscape irrigation auditor. Landscape audits shall not be conducted by the person who designed the landscape or installed the landscape.

2. In large projects or projects with multiple landscape installations (i.e., production home developments), an auditing rate of 1 in 7 lots or approximately 15% will satisfy this requirement.

3. For new construction and rehabilitated landscape projects, as described in Section 17.30.070(A):

a. The project applicant shall submit an irrigation audit report with the certificate of completion to the city that may include, but is not limited to: inspection, system tune-up, system test with distribution uniformity, reporting overspray or run off that causes overland flow, and preparation of an irrigation schedule, including configuring irrigation controllers with application rate, soil types, plant factors, slope, exposure and any other factors necessary for accurate programming; and

b. The city shall administer programs that may include, but not be limited to, irrigation water use analysis, irrigation audits, and irrigation surveys for compliance with the maximum applied water allowance.

P. Irrigation Efficiency. For the purpose of determining estimated total water use, average irrigation efficiency is assumed to be 0.75 for overhead spray devices and 0.81 for drip system devices.

Q. Recycled Water.

1. The installation of recycled water irrigation systems shall allow for the current and future use of recycled water.

2. All recycled water irrigation systems shall be designed and operated in accordance with all applicable city and state laws.

3. Landscapes using recycled water are considered special landscape areas. The ET adjustment factor for new and existing (non-rehabilitated) special landscape areas shall not exceed 1.0.

R. Graywater Systems.

1. Graywater systems promote the efficient use of water and are encouraged to assist in on-site landscape irrigation. All graywater systems shall conform to the California Plumbing Code (Title 24, Part 5, Chapter 16) and any applicable local ordinance standards. Refer to Section 17.30.010 (d) for the applicability of this ordinance to landscape areas less than 2,500 square feet with the Estimated Total Water Use met entirely by graywater.

S. Stormwater Management and Rainwater Retention.

1. Stormwater management practices minimize runoff and increase infiltration which recharges groundwater and improves water quality. Implementing stormwater best management practices into the landscape and grading design plans to

minimize rainwater runoff and to increase on-site retention and infiltration are encouraged.

2. Project applicants shall refer to the city or Regional Water Quality Control Board for information on any applicable stormwater technical requirements.

3. All planted landscape areas are required to have friable soil to maximize water retention and infiltration. Refer to California Code of Regulations Title 23, Chapter 2.7, § 492.6(a).

4. It is strongly recommended that landscape areas be designed for capture and infiltration capacity that is sufficient to prevent runoff from impervious surfaces (i.e., roof and paved areas) from either: (1) the one inch, 24-hour rain event or (2) the 85th percentile, 24-hour rain event, and/or additional capacity as required by any applicable local, regional, state or federal regulation.

5. It is recommended that storm water projects incorporate any of the following elements to improve on-site storm water and dry weather runoff capture and use:

   a. Grade impervious surfaces, such as driveways, during construction to drain to vegetated areas.

   b. Minimize the area of impervious surfaces such as paved areas, roof and concrete driveways.

   c. Incorporate pervious or porous surfaces (e.g., gravel, permeable pavers or blocks, pervious or porous concrete) that minimize runoff.

   d. Direct runoff from paved surfaces and roof areas into planting beds or landscaped areas to maximize site water capture and reuse.

   e. Incorporate rain gardens, cisterns, and other rain harvesting or catchment systems.

   f. Incorporate infiltration beds, swales, basins and drywells to capture storm water and dry weather runoff and increase percolation into the soil.

   g. Consider constructed wetlands and ponds that retain water, equalize excess flow, and filter pollutants.

T. Public Education.

1. Publications. Education is a critical component to promote the efficient use of water in landscapes. The use of appropriate principles of design, installation, management and maintenance that save water is encouraged in the community.

   a. The city shall provide information to owners of permitted renovations and new, single-family residential homes regarding the design, installation, management, and maintenance of water efficient landscapes based on a water budget.

2. Model Homes. All model homes shall be landscaped and use signs and written information to demonstrate the principles of water efficient landscapes described in this title.

   a. Signs shall be used to identify the model as an example of a water efficient landscape featuring elements such as hydrozones, irrigation equipment, and others that contribute to the overall water efficient theme. Signage shall include information about the site water use as designed

per the local ordinance; specify who designed and installed the water efficient landscape; and demonstrate low water use approaches to landscaping such as using native plants, graywater systems, and rainwater catchment systems.

b. Information shall be provided about designing, installing, managing, and maintaining water efficient landscapes.

U. Provisions for Existing Landscapes. The city may by mutual agreement designate another agency, such as a water purveyor, to implement some or all of the requirements contained in this title. Local agencies may collaborate with water purveyors to define each entity's specific responsibilities relating to this title.

V. Irrigation Audit, Irrigation Survey, and Irrigation Water Use Analysis.

1. This section shall apply to all existing landscapes that were installed before December 1, 2015 and are over one acre in size.

a. For all landscapes that have a water meter, the city shall administer programs that may include, but not be limited to, irrigation water use analyses, irrigation surveys, and irrigation audits to evaluate water use and provide recommendations as necessary to reduce landscape water use to a level that does not exceed the maximum applied water allowance for existing landscapes. The maximum applied water allowance for existing landscapes shall be calculated as: MAWA = (0.8)(ETo)(LA)(0.62).

b. For all landscapes that do not have a meter, the city shall administer programs that may include, but not be limited to, irrigation surveys and irrigation audits to evaluate water use and provide recommendations as necessary in order to prevent water waste.

2. All landscape irrigation audits shall be conducted by a certified landscape irrigation auditor.

W. Water Waste Prevention.

1. The city shall prevent water waste resulting from inefficient landscape irrigation by prohibiting runoff from leaving the target landscape due to low head drainage, overspray, or other similar conditions where water flows onto adjacent property, non-irrigated areas, walks, roadways, parking lots, or structures. Penalties for violation of these prohibitions shall be established locally.

2. Restrictions regarding overspray and runoff may be modified if:

a. The landscape area is adjacent to permeable surfacing and no runoff occurs; or

b. The adjacent non-permeable surfaces are designed and constructed to drain entirely to landscaping.

X. Effective Precipitation. The city considers effective precipitation (twenty-five percent of annual precipitation) in tracking water use and uses the following equation to calculate maximum applied water allowance:

MAWA= (ETo - Eppt) (0.62) [(0.7 x LA) + (0.3 x SLA)] for residential areas.

MAWA= (ETo - Eppt) (0.62) [(0.45 x LA) + (0.55 x SLA)] for non-residential areas.

SECTION 2. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 3. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 5. Effective Date and Publication. This Ordinance shall take effect thirty (30) days after its adoption. In lieu of publication of the full text of the ordinance within fifteen (15) days after its passage, a summary of the ordinance may be published at least five (5) days prior to and fifteen (15) days after adoption by the City Council, and a certified copy shall be posted in the office of the City Clerk pursuant to Government Code section 36933(c)(1).

Approved this ____ day of _____, 2016

_____
MARK CHANDLER
Mayor

Attest:

JENNIFER M. FERRAIOLO
City Clerk

State of California
County of San Joaquin, ss.

I, Jennifer M. Ferraiolo, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1929 was introduced at a regular meeting of the City Council of the City of Lodi held September 21, 2016, and was therefore passed, adopted, and ordered to print at a regular meeting of said Council held _____, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

JENNIFER M. FERRAIOLO
City Clerk

Approved as to Form:

JANICE D. MAGDICH
City Attorney

AGENDA ITEM J-02

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Ordinance No. 1930 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.24, 'Taxicab Transportation Service,' in Its Entirety"

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Motion waiving reading in full and (following reading by title) adopting the attached Ordinance No. 1930.

BACKGROUND INFORMATION: Ordinance No. 1930 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.24, 'Taxicab Transportation Service,' in Its Entirety," was introduced at the regular City Council meeting of September 21, 2016.

ADOPTION: With the exception of urgency ordinances, no ordinance may be passed within five days of its introduction. Two readings are therefore required – one to introduce and a second to adopt the ordinance. Ordinances may only be passed at a regular meeting or at an adjourned regular meeting; except for urgency ordinances, ordinances may not be passed at a special meeting. Id. All ordinances must be read in full either at the time of introduction or at the time of passage, unless a regular motion waiving further reading is adopted by a majority of all council persons present. ***Cal. Gov't Code § 36934***.

Ordinances take effect 30 days after their final passage. ***Cal. Gov't Code § 36937***.

This ordinance has been approved as to form by the City Attorney.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Jennifer M. Ferraiolo
City Clerk

JMF/PMF
Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

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ORDINANCE NO. 1930

AN ORDINANCE OF THE LODI CITY COUNCIL AMENDING
LODI MUNICIPAL CODE TITLE 5 – PERMITS AND REGULATIONS –
BY REPEALING AND REENACTING CHAPTER 5.24,
"TAXICAB TRANSPORTATION SERVICE," IN ITS ENTIRETY

==========

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Title 5 – Permits and Regulations – is hereby amended by repealing and reenacting Chapter 5.24, "Taxicab Transportation Service," in its entirety, and shall read as follows:

CHAPTER 5.24 – TAXICAB TRANSPORTATION SERVICE

Sections:

Article I. General Provisions

5.24.010 Definitions.
5.24.020 Compliance with Chapter.

Article II. Owners

5.24.030 Owner's Permit – Taxicabs.
5.24.040 Owner's Permit – Fee.
5.24.050 Owner's Permit – Expiration.
5.24.060 Owner's Permit – Qualifications.
5.24.070 Owner's Duties.
5.24.080 Insurance and Indemnification Requirements.
5.24.090 Owner's Permit – Revocation – Grounds.
5.24.100 Owner's Permit – Revocation – Investigation and Hearing.
5.24.110 Owner's Permit – Transferability.

Article III. Drivers

5.24.120 Driver's Permit – Required.
5.24.130 Driver's Permit – Fee.
5.24.140 Driver's Permit – Qualifications – Police Chief Approval.
5.24.150 Driver's Duties.
5.24.160 Driver's Drug and Alcohol Testing.
5.24.170 Testing Procedures.
5.24.180 Information Request.
5.24.190 Reporting of Subsequent Conviction and Driver's License Status.
5.24.200 Revocation or Suspension of Taxicab Driver's Permit.
5.24.210 Hearing—Revocation or Suspension of Taxicab Driver's Permit.
5.24.220 Return of Taxicab Driver's Permit.

Article IV. Renewal Procedure

5.24.230 Owner's Permit Renewal.

5.24.240 Driver's Permit Renewal.

Article V. Maintenance and Inspection of Taxicabs

5.24.250 Annual Inspection of Taxicabs.
5.24.260 Authority of Police Department to Inspect Taxicabs.
5.24.270 Unsafe or Unsuitable Taxicabs.
5.24.280 Things Deemed to Make a Taxicab Unsafe or Unsuitable.
5.24.290 Cleaning of Interior.
5.24.300 Cleaning of Exterior.
5.24.310 Age of Vehicle.

Article VI. Appeals

5.24.320 Right of Appeal from Denial of Issuance or Renewal of Taxicab Owner's Permit or Taxicab Driver's Permit.

5.24.330 Procedure Upon Appeal.

Article I. - General Provisions

5.24.010 - Definitions.

The following terms, as used in this chapter, are defined as follows, unless the particular provision or context requires otherwise:

A. "Operate within the city" or "operate within the corporate limits of the city" means the soliciting, accepting, picking up, or embarking within the city of a passenger or passengers for transportation or conveyance to any point within or without the city. Prepaid round trips which originate outside the city limits shall not constitute a defined operation under this subsection.

B. "Taxicab" means every vehicle operated over the public streets of the city, the vehicle being routed under the direction of the passenger and which, in addition to such specifications, is of a distinctive color and appearance such as is commonly used in this state for taxicabs, and is operated at rates per mile, or for waiting time, or both. The following types of transportation services are not taxicabs for the purpose of this chapter: limousines, transportation network companies, and charter or scheduled bus transportation, as each is defined in the California Public Utilities Code; paratransit services as defined in the California Vehicle Code; and airport shuttles and wine tour operators operating on a prearranged contract basis.

C. "Owner" means the corporation, business entity, or person who is registered with the Department of Motor Vehicles as the owner of the vehicle, or who has a legal right to possession of the vehicle pursuant to a lease or rental agreement.

5.24.020 - Compliance with chapter.

The provisions of this chapter shall be observed by all persons operating taxicabs within the city, and it is unlawful to operate any taxicab in violation of any of such provisions.

All applications submitted pursuant to this chapter shall be on a form prescribed by the city clerk.

Article II. – Owners

5.24.030 - Owner's permit—Taxicabs.

No individual or company shall operate any taxicab on or over any streets of the city without having first obtained approval from the city clerk.

Every vehicle used by an Owner in transportation for compensation shall be licensed, inspected, and insured annually as set forth in this chapter.

5.24.040 - Owner's permit—Fee.

The owner or lessee of any taxicab obtaining any permit under this chapter shall pay unto the city clerk a permit fee as prescribed by the city. No permit issued under the provisions of this chapter shall be valid until the city clerk endorses thereon an acknowledgment of the payment of the fee for the current year. Such fee shall be due and payable to the city clerk on the first day of January of each year and delinquent thirty days thereafter.

5.24.050 - Owner's permit—Expiration.

Any permit issued under this chapter shall expire at the end of the calendar year in which it is issued; provided, that the fee therefor is paid in accordance with the provisions of this chapter. Unless suspended or revoked, it shall be renewed upon application for renewal as set forth in section 5.24.230.

5.24.060 - Owner's permit—Qualifications.

The owner's permit required by this chapter shall be granted in writing by the city clerk, upon a satisfactory showing by the applicant that:

A. Applicant has submitted a financial statement which has been reviewed by the finance director. The purpose of this requirement is to insure that the applicant or permit holder makes use of the permit and that the permit is obtained and used by the person or entity identified in the application documents rather than an undisclosed third party.

   Initial applications shall include:

   1. A statement of all assets, liabilities, and equities of the taxicab business or owner; and
   2. A statement of the expected revenues and expenses of the taxicab business operation for the next year.

   Renewal applications shall include:

   1. A statement of all assets, liabilities, and equities of the taxicab business as of the application date;
   2. A statement of the actual revenues and expenses of the taxicab business for the past year; and

3. A statement of the expected revenues and expenses of the business for the next year.

B. Applicant has submitted evidence of insurance coverage as set forth in Section 5.24.080

C. The applicant's vehicle or vehicles are possessed of the following qualifications as determined by the chief of police:

1. The vehicle must meet all requirements of the Vehicle Code of the state in regard to equipment and mechanical condition. Further, it must be maintained in a safe, clean, and sanitary condition throughout as set forth in Sections 5.24.250 through 5.24.310.

2. The vehicle must bear, visibly painted in a distinctive color, in figures at least three inches high, a number of one or two digits, which number shall not be the number of any other vehicle earlier granted a vehicle permit under this chapter. The number shall be specified in the application and noted on the permit. The vehicle must also bear, visibly painted in a distinctive color, in letters at least one and one-half inches high, the name of the owner or lessee thereof.

3. The vehicle must carry in a conspicuous position within its passenger compartment a clear, intelligible, and legible statement of the fares or charges to be made in connection with the use of the vehicle. A copy of such fares and charges shall be filed with the city clerk as well.

4. A taxicab over the entire exterior normally covered with paint must be painted in a distinctive color or system of colors; and the color or system of colors shall be so selected that the vehicle may not reasonably be confused with any ordinary private vehicle.

D. The applicant shall provide annually a list and photograph, prepared under oath, of all vehicles to be used in transportation for compensation, and/or which have been used in transportation for compensation during the preceding year. The list shall identify each vehicle by year, make, model, license plate, and vehicle identification number.

E. The applicant possesses a current City of Lodi business license and/or home occupation permit as required in Section 17.36.060.

F. The applicant’s business activities do not violate any land use or zoning laws, including, but not limited to the prohibition of parking, storing, dispatching, or repairing commercial vehicles in a residential zoning district pursuant to Sections 17.36.060(B)(2)(c), 17.36.060(B)(2)(i), and 17.36.060(C)(10).

5.24.070 - Owner's duties.

No person owning or leasing a taxicab shall, while such vehicle owned or leased is being operated, do the following:

A. Fail to maintain as to such vehicle the qualifications required for a permit for such vehicle under this chapter;

B. Do any act, or employ any person to do any act, which would be forbidden by Section 5.24.150 if done by a person driving or operating a taxicab; or

C. Rent or lend the vehicle to any person who operates it, or permit any person to operate it, except himself or his duly authorized agent.

Prior to placing any new or additional vehicle into service, the owner shall:

D. Inform the city clerk in writing of the acquisition or transfer of the vehicle into taxicab operations;

E. Provide the date upon which such vehicle will be put into service;

F. Provide all information required under Section 5.24.060(D);

G. Provide proof of inspection as required in Section 5.24.250;

H. Provide proof of insurance as required in Section 5.24.080; and

I. Provide any other information requested by the city clerk related to such vehicle, its ownership, or use in the owner's business operations.

5.24.080 - Insurance and indemnification requirements.

In order to ensure the safety of the public, it is unlawful for any person who owns a taxicab to allow it to be operated or driven or to obtain a permit for its operation under this Chapter unless and until such person has complied with the provisions of this section.

The owner or lessee of any taxicab must secure their ability to answer to any claim for damage to person or property which may arise by reason of the operation of any vehicle as follows:

A. General liability insurance in the minimum limits of not less than one million dollars for injury or death to any person and not less than two million dollars for injury or death of more than one person in the same accident;

B. Automobile insurance in the minimum limits of not less than five hundred thousand dollars;

C. Insurance for property damage in the minimum limits of not less than fifty thousand dollars; and

D. A certificate evidencing such insurance shall be filed with the city's risk manager and shall name the city, its officers, agents, and employees as additional insureds.

Any person or entity issued a permit pursuant to this Chapter shall, and by acceptance of the permit does, to the maximum extent permitted by law, agree to indemnify and hold harmless the city of Lodi, its officers, employees, and agents from any and all damages, claims, liabilities, costs, suits, or other expense resulting from and arising out of the permit holder's operations.

5.24.090 - Owner's permit—Revocation—Grounds.

The owner's permit required by this chapter may be revoked or suspended if one or more of the following conditions exist:

A. The qualifications required for the granting of the owner's permit are no longer met by the permittee or the permittee's vehicle or vehicles;

B. The permittee has been convicted of any violation of restrictions imposed upon the permittee as owner or lessee under this chapter, or the permittee has become bankrupt;

C. The permittee has failed to maintain his/her vehicle or vehicles as required in Sections 5.24.250 to 5.24.310; or

D. The permittee is in violation of any of the provisions of this Chapter.

5.24.100 - Owner's permit—Revocation—Investigation and Hearing.

For the purpose of ascertaining whether any cause exists for the suspension or revocation of an owner's permit under this Chapter, the chief of police may, and on direction of the city council or upon complaint shall, cause strict inquiry to be made into the conduct of the permittee, the sufficiency and validity of the permittee's security, and the conditions of the permittee's vehicle or vehicles.

An owner's permit may be revoked for any cause which would have warranted denial thereof in the first instance, for a failure to comply with any of the provisions of this Chapter, a failure to comply with any conditions imposed upon the owner's permit or when taxicab business operations have ceased for 10 consecutive days. If an owner's permit is granted and operation of the service for which the permit is granted does not commence within four months of the date of the approval thereof, the permit shall be automatically null and void. A revocation may be appealed through the procedure set forth in Section 5.24.320. If the owner's permit is revoked, the holder of the permit shall not reapply for six months from the date of revocation.

5.24.110 - Owner's permit—Transferability.

Any owner's permit issued under the provisions of this chapter may be sold, assigned, leased, transferred or inherited as other property only upon written authorization of the city clerk. In the event a permit is transferred, the transferee must satisfy all requirements of this Chapter prior to engaging in taxicab business.

Article III. – Drivers

5.24.120 - Driver's permit—Required.

No person shall drive or operate any taxicab within the city unless he/she holds a permit, to be known as a driver's permit, therefor, as provided in this Chapter, and no person shall drive or operate a taxicab within the corporate limits of the city under or by virtue of any driver's permit which has been suspended or revoked as provided in this Chapter.

5.24.130 - Driver's permit—Fee.

Every driver under this Chapter shall pay unto the city clerk an annual license fee in the sum prescribed by resolution of the City Council, as amended from time to time. Owner-drivers who pay the owner's permit fee shall have the driver's permit fee waived. The fee shall be due and payable the first day of January of each year and shall be delinquent thirty days thereafter.

5.24.140 - Driver's permit—Qualifications—Police chief approval.

A. A driver's permit or renewal thereof shall be issued to each applicant complying with the provisions of this Chapter; such permit shall be issued by the city clerk pursuant to a finding

by the chief of police that the applicant for a permit or for renewal is a person of good character, and one who will not endanger the public interests and safety.

Applicants shall be subject to a criminal background check prior to the issuance of a driver's permit. Thereafter a licensee shall be subject to a criminal background check upon request of the chief of police or designee.

B. An applicant or licensee who, within the past ten years, has been convicted of any of the below-listed offenses is not eligible to be granted or hold a driver's permit:

1. A felony, or of any crime under the laws of this state that would amount to a felony;
2. Any crime in this state or elsewhere in which fraud or intent to defraud was an element;
3. Unlawfully possessing or distributing controlled substances as defined in the laws of the state or elsewhere;
4. Any sex offense or crime involving moral turpitude; or
5. Driving while under the influence of alcohol or drugs.

C. The applicant must hold a valid and appropriate driver's license issued by the Department of Motor Vehicles of the state, under the Vehicle Code of the state.

D. The applicant, or licensee upon request, must be fingerprinted by the Lodi police department.

E. Any person having been denied a driver's permit may appeal such decision as set forth in Section 5.24.320.

F. Drivers operating as an independent contractor shall submit proof of a current city of Lodi business license and/or home occupation permit as required in Section 17.36.060 and ensure that their business activities do not violate any land use or zoning laws.

G. It shall be sufficient grounds to deny or revoke a driver's permit if any person fails to disclose any relevant information, or provides false or misleading information pursuant to this Section.

5.24.150 - Driver's duties.

No person driving or operating a taxicab shall, while operating such vehicle, do the following:

A. Fail to maintain the qualifications required for an operator's permit under this chapter;

B. Refuse without good cause to accept as a passenger any person desiring transportation who shall tender money sufficient to pay the fare to their stated destination;

C. Transport passengers to their stated destination over an unnecessarily circuitous route;

D. Refuse to load and unload for any passenger such hand baggage as may not exceed the reasonable internal capacity of the vehicle, and such other baggage as may not reasonably exceed its capacity in trunk or top; or, after being requested, refuse to carry such baggage to or from such buildings as the passenger may enter or leave;

E. Make false representations by word, act, conduct, or appearance regarding the name or identity of persons owning or leasing the taxicab he operates, or regarding his own identity; or refuse to give his name and the number of his vehicle to any person requesting them;

F. Refuse or fail, after being requested, to give a receipt for any fare paid;

G. Fail or neglect to report to the police department within twenty-four hours all property left in his vehicle by any passenger; or

H. Charge passengers in excess of the posted rate or fee.

5.24.160 - Driver's drug and alcohol testing.

No person shall be issued, or have renewed, a driver's permit until they have presented certification to the city clerk that they have tested negative for alcohol (breath alcohol concentration of less than 0.02 percent) and each of the controlled substances specified in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations. The date of testing shall be within ten days of the date of issuance or renewal of a driver's permit. Test results are confidential and shall not be released without the consent of the applicant, except as authorized or required by law. Cost for such testing is the obligation of the applicant or employer of the applicant.

5.24.170 - Testing procedures.

Applicant shall show a valid California driver's license at the time and place of testing. Testing procedures shall be substantially as set forth in Part 40 (commencing with Section 40.1) of Title 49 of the Code of Federal Regulations. The city may at random require a permitted driver to be retested. If such a test is required by city, city shall pay the cost for such testing.

5.24.180 - Information request.

Upon the request of a driver applying for a permit, or renewal, the city clerk shall give the applicant a list of the consortia certified pursuant to Part 382 (commencing with Section 382.101) of Title 49 of the Code of Federal Regulations that the city clerk knows offers tests in or near the city.

5.24.190 – Reporting of subsequent conviction and driver’s license status.

Any person issued a taxicab driver’s permit who subsequently is convicted of any felony or misdemeanor offense, or who ceases to possess a valid State of California driver’s license of the class required by state law for the type of motor vehicle such person drives, shall immediately so inform the chief of police and his or her employer.

5.24.200 – Revocation or suspension of taxicab driver’s permit.

A. The chief of police may suspend, for a period not to exceed thirty days, and may revoke a driver’s permit if the permittee:

   1. Misrepresents facts relevant to the fitness of the driver if such misrepresentation becomes known after a permit has been issued;

   2. Violates the traffic laws of the city, county or state;

   3. Is convicted for misdemeanor reckless driving;

4. Drives a taxicab known to the operator not to be in good order and repair;
5. Knowingly falsifies material and relevant facts on an application for a taxicab permit;
6. Is convicted or pleads nolo contendere to the violation of any law involving alcohol;
7. Is convicted or pleads nolo contendere to the violation of any law involving moral turpitude;
8. Operates any vehicle in a manner which constitutes a misdemeanor under the laws of the State of California; or
9. Repeatedly fails to comply with the applicable provisions of this Chapter or the rules and regulations prescribed by the chief of police.

B. The chief of police shall immediately suspend, for a period not to exceed thirty days, and may revoke a taxicab driver's permit of any driver upon the receipt of information reasonably sufficient and reliable to establish that the driver has committed a violation of law involving:

1. A felony;
2. A sex offense;
3. Soliciting for prostitution;
4. A narcotics offense; or
5. Has had a license to drive issued by the State of California either suspended or revoked by the state.

C. The chief of police shall immediately revoke the taxicab driver's permit if that driver has been found guilty by final judgment of a court of competent jurisdiction of a violation of the law involving:

1. A felony;
2. A sex offense;
3. Soliciting for prostitution; or
4. A narcotics offense.

D. Upon suspension or revocation, the driver shall immediately surrender the taxicab driver's permit to the chief of police. In the event of suspension, the chief of police shall return the taxicab driver's permit to its driver immediately after termination of the suspension period.

5.24.210 - Hearing – Revocation or suspension of taxicab driver's permit.

Every taxicab driver whose permit has been suspended or revoked shall have the right to appeal such decision as provided in Section 5.24.320.

5.24.220 - Return of taxicab driver's permit.

Taxicab driver's permits shall become void upon termination of employment. The employer shall notify the City upon termination of employment. Taxicab driver permits shall be returned to the City upon termination of employment or a determination of revocation.

Article IV. – Renewal Procedure

5.24.230 – Owner's permit renewal.

A permit holder must submit a renewal application along with the following items, and any other information deemed necessary by the city clerk or chief of police, no later than 30 days prior to the end of the calendar year in which the current permit was issued:

A. Renewal fee, as set forth in Section 5.24.040;

B. Proof a current city of Lodi business license and/or home occupation permit, as set forth in Section 5.24.060;

C. Financial statement, as set forth in Section 5.24.060;

D. Proof of insurance, as set forth in Section 5.24.080;

E. A list and photograph, prepared under oath, of all vehicles to be used in transportation for compensation, and/or which have been used in transportation for compensation during the preceding year, as set forth in Section 5.24.060(D);

F. Proof of a mechanic's inspection, as set forth in Section 5.24.250; and

G. Proof of passing drug and alcohol testing, as set forth in Section 5.24.160.

5.24.240 – Driver's permit renewal.

A permit holder must submit a renewal application with the following items, and any other information deemed necessary by the city clerk or chief of police, no later than 30 days prior to the end of the calendar year in which the current permit was issued:

A. Renewal fee, as set forth in Section 5.24.130;

B. Proof of a current valid driver's license, as set forth in Section 5.24.140(C);

C. Proof of a current city of Lodi business license, as set forth in Section 5.24.140(F); and

D. Proof of completion of a drug and alcohol test, as set forth in Section 5.24.160.

Article V. – Maintenance and Inspection of Taxicabs

5.24.250 – Annual inspection of taxicabs.

To ensure continued maintenance of safe operating conditions, taxicabs, and their equipment, operating or used pursuant to this Chapter shall be inspected annually by a licensed automobile mechanic. The costs of inspections shall be paid by the vehicle owner. Proof of inspection shall be submitted annually with a renewal application and shall include a statement by a licensed automobile mechanic certifying that the vehicle is free of any defects or conditions identified in Section 5.24.280.

5.24.260 – Police Department taxicab inspection authority.

The chief of police, or any member of the police department under his/her direction, shall have the authority, at any time after displaying proper identification, to enter into or upon any taxicab for the purpose of ascertaining whether or not any of the provisions set forth herein are being violated.

5.24.270 – Unsafe or unsuitable taxicabs.

It is unlawful and an infraction for the owner of any taxicab licensed pursuant to this Chapter to maintain a taxicab in an unsafe or unsuitable condition. Any taxicab which is found to be unsafe or in any way unsuitable for taxicab service shall be immediately ordered out of service, and before again being placed in service, the owner shall provide evidence to the chief of police, or any member of the police department under his/her direction, that the vehicle is safe, and shall submit the vehicle to inspection.

5.24.280 – Things deemed to make a taxicab unsafe or unsuitable.

For the purposes of this section, the existence of the following named things, but not to the exclusion of other things, shall be deemed to make a taxicab unsafe or unsuitable for taxicab service:

A. Excessive leakage of oil, grease, gas or any other substance from any part of the taxicab;

B. Defects in the frame or structural body of the taxicab;

C. The failure of any movable parts of the car, including doors, window, hoods, trunk, lights, etc., to function in the proper working order;

D. The failure to maintain the tires, lights, turning signals, or brakes in safe operating condition;

E. The failure to maintain the motor or other mechanical parts of the car in good and safe operating condition;

F. The failure to have an exhaust system properly installed and in good working condition that complies with state law;

G. Large or excessive dents or scratches in the body of the taxicab;

H. Improper maintenance of the exterior paint in the proper color scheme;

I. Excessive wear and tear on the upholstery, floor mats and other parts of the interior of the taxicab;

J. The failure to have adequate interior lighting in proper working condition; or

K. The excessive emission of odors such as tobacco/smoke products from the interior of the taxicab.

5.24.290 – Cleaning of interior.

The interior of every taxicab in service shall be kept in a clean and sanitary condition at all times.

5.24.300 – Cleaning of exterior.

The exterior of every taxicab in service shall be kept in a clean condition at all times.

5.24.310 – Age of vehicle.

Taxicabs in service shall be no older than seven (7) years from the manufacture date indicated on the vehicle by the manufacturer.

Article VI – Appeals

5.24.320 - Right of appeal from denial of issuance or renewal of taxicab owner's permit or taxicab driver's permit.

A. The city clerk or chief of police shall notify the applicant that the issuance or renewal of his or her taxicab owner's permit or taxicab driver's permit has been denied. The city clerk or chief of police shall also notify the applicant of the right to appeal the denial to the city manager.

B. Any written appeal shall be filed with the city clerk within ten calendar days of transmittal of the written notice to the person affected by such decision. Service shall be by regular postal service or personal delivery.

C. A denial of issuance or renewal shall remain in effect until a duly-filed appeal is heard as set forth in Section 5.24.330.

D. If no appeal is filed within the time allowed, the city's decision to not issue or renew the taxicab owner's permit or taxicab driver's permit shall be considered final.

5.24.330 - Procedure upon appeal.

A. An applicant or permittee shall file an appeal within ten calendar days from the service of the notice of denial, suspension, or revocation from the city clerk or chief of police.

B. Appeals to the city manager:

   1. Any decision of the city clerk or chief of police which is a denial to issue or renew, or a suspension or revocation of a taxicab owner's permit or taxicab driver's permit, shall not become final until ten calendar days after the date of transmittal of the written notice to the person affected by such decision, during which period the party to the action may appeal the decision in the manner provided herein at any time prior to the expiration of the ten-day period. If no appeal is taken before the expiration of the ten-day period, the decision of the city clerk or chief of police shall be final.

   2. The appeal of any decision shall be in writing signed by the party to the action briefly setting forth the reasons why such decision is not proper, stating an address at which the appellant will receive notices and filed with the city manager.

   3. The city manager shall upon receipt of the appeal set the matter for hearing before a hearing officer. The hearing officer shall be an attorney or recognized mediator designated by the city attorney. The hearing shall be scheduled for not more than thirty calendar days after receipt of the appeal unless a longer time is requested or consented to by the appellant.

   4. The hearing shall not be conducted under the formal Rules of Evidence, but shall be subject to such standards of procedure and evidence as reasonable people would utilize in the conduct of serious business.

   5. The appellant (or a representative) shall have the right to present his or her case in person.

6. The hearing officer shall consider the case record as well as any statements offered by interested parties. The hearing will be conducted according to administrative rules relating to evidence and witnesses as set forth in Chapter 1.10 of this code.
7. If the hearing officer refuses to issue or restore a taxicab owner's permit or taxicab driver's permit, the party to the action, or such party's agent, shall not file a new application within three hundred sixty five days from the date of final action by the hearing officer.
8. If the hearing officer suspends a taxicab owner's permit or taxicab driver's permit, the hearing officer shall impose a period of suspension of not more than thirty days.
9. If the hearing officer's action is to grant or restore a taxicab owner's permit or taxicab driver's permit, the hearing officer shall direct the city clerk to issue or restore the certificate or license.

C. Any party dissatisfied with the decision of the hearing officer may carry the matter forward under the provisions for administrative mandamus (Code of Civil Procedure Section 1094.5) as it now exists or may later be amended.

SECTION 2. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 3. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any particular portion thereof.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 5. Effective Date and Publication. This Ordinance shall take effect thirty (30) days after its adoption. In lieu of publication of the full text of the ordinance within fifteen (15) days after its passage, a summary of the ordinance may be published at least five (5) days prior to and fifteen (15) days after adoption by the City Council, and a certified copy shall be posted in the office of the City Clerk pursuant to Government Code section 36933(c)(1).

Approved this___day of_____, 2016

_____
MARK CHANDLER
Mayor

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

State of California
County of San Joaquin, ss.

I, Jennifer M. Ferraiolo, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1930 was introduced at a regular meeting of the City Council of the City of Lodi held September 21, 2016, and was thereafter passed, adopted, and ordered to print at a regular meeting of said Council held _____, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. 1930 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

JENNIFER M. FERRAIOLO
City Clerk

Approved as to Form:

JANICE D. MAGDICH
City Attorney

AGENDA ITEM J-03

CITY OF LODI
COUNCIL COMMUNICATION

TM

AGENDA TITLE: Ordinance No. 1931 Entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.25, 'Pedicabs,' in Its Entirety"

MEETING DATE: October 19, 2016

PREPARED BY: City Clerk

RECOMMENDED ACTION: Motion waiving reading in full and (following reading by title) adopting the attached Ordinance No. 1931.

BACKGROUND INFORMATION: Ordinance No. 1931 entitled, "An Ordinance of the Lodi City Council Amending Lodi Municipal Code Title 5 – Permits and Regulations – by Repealing and Re-Enacting Chapter 5.25, 'Pedicabs,' in Its Entirety," was introduced at the regular City Council meeting of September 21, 2016.

ADOPTION: With the exception of urgency ordinances, no ordinance may be passed within five days of its introduction. Two readings are therefore required – one to introduce and a second to adopt the ordinance. Ordinances may only be passed at a regular meeting or at an adjourned regular meeting; except for urgency ordinances, ordinances may not be passed at a special meeting. Id. All ordinances must be read in full either at the time of introduction or at the time of passage, unless a regular motion waiving further reading is adopted by a majority of all council persons present. ***Cal. Gov't Code § 36934***.

Ordinances take effect 30 days after their final passage. ***Cal. Gov't Code § 36937***.

This ordinance has been approved as to form by the City Attorney.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Jennifer M. Ferraiolo
City Clerk

JMF/PMF
Attachment

APPROVED: _____
Stephen Schwabauer, City Manager

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ORDINANCE NO. 1931

AN ORDINANCE OF THE LODI CITY COUNCIL AMENDING
LODI MUNICIPAL CODE TITLE 5 – PERMITS AND REGULATIONS –
BY REPEALING AND REENACTING CHAPTER 5.25,
"PEDICABS," IN ITS ENTIRETY

==========

BE IT ORDAINED BY THE LODI CITY COUNCIL AS FOLLOWS:

SECTION 1. Lodi Municipal Code Title 5 – Permits and Regulations – is hereby amended by repealing and reenacting Chapter 5.25, "Pedicabs," in its entirety, and shall read as follows:

CHAPTER 5.25 - PEDICABS

Sections:

5.25.010 Purpose.
5.25.020 Definitions.
5.25.030 Permit Requirements to Operate Pedicab.
5.25.040 Application for Pedicab Operating Permit.
5.25.050 Pedicab Operating Permit Fee.
5.25.060 Duration of Validity of Pedicab Operating Permit.
5.25.070 Pedicab Operating Permit Renewal.
5.25.080 Denial of Pedicab Operating Permit.
5.25.090 Suspension or Revocation of Pedicab Operating Permit.
5.25.100 Identification Badges Issued to Pedicab Operators with a Pedicab Operating Permit.
5.25.110 Pedicab Decal.
5.25.120 Application for Pedicab Decal.
5.25.130 Requirements for Issuance of Pedicab Decal.
5.25.140 Pedicab Decal Fee.
5.25.150 Duration of Validity of Pedicab Decal.
5.25.160 Pedicab Decal Renewal.
5.25.170 Denial of Pedicab Decal for Failure to Comply with Chapter.
5.25.180 Suspension or Revocation of Pedicab Decal.
5.25.190 Other Laws Applicable to Pedicab Owners and Operators.
5.25.200 Report of Accidents.
5.25.210 Minimum Age for Pedicab Operators.
5.25.220 Driver's License Requirement to Operate Pedicab.
5.25.230 Business License Requirement to Operate Pedicab.
5.25.240 Equipment Regulations for the Operation of Pedicabs.
5.25.250 Insurance Requirements.
5.25.260 Fare Schedule.
5.25.270 Right of Appeal from Denial of Issuance of Pedicab Operating Permit or Decal.
5.25.280 Right of Appeal from Suspension or Revocation of Pedicab Operating Permit or Decal.
5.25.290 Procedure Upon Appeal.
5.25.300 Enforcement Authority.
5.25.310 Enforcement Remedies.
5.25.320 Strict Liability Offenses.
5.25.330 City Held Harmless.
5.25.340 General Pedicab Operation.

5.25.010 - Purpose.

The city council finds that regulations governing pedicabs, operators, and owners are necessary to protect the general safety and welfare of passengers using pedicabs for hire and pedestrians within the city.

5.25.020 - Definitions.

For purposes of this chapter, the following terms are defined as follows:

A. "City clerk" means the city clerk for the city of Lodi or his or her designee.

B. "Decal" means the numbered decal issued by the city of Lodi to a pedicab owner for display on the pedicab to indicate that the pedicab is permitted to operate.

C. "Identification badge" means a badge that identifies the operator with a color passport-size photo.

D. "Operates within the city" means the soliciting, accepting, picking-up, or embarking within the city of a passenger or passengers for transportation or conveyance to any point within or without the city for receipt of any form of consideration.

E. "Operator" means any individual who operates a pedicab whether as an owner, an employee of the owner, or as an independent contractor within the city of Lodi.

F. "Owner" means any person who owns, leases, or otherwise has possession of a pedicab.

G. "Pedicab" means a pedicab as defined in California Vehicle Code Sections 467.5(a) and (b):

1. A bicycle (as defined by the California Vehicle Code) that has three or more wheels, that transports, or is capable of transporting, passengers on seats attached to the bicycle, that is operated by a person, and that is being used for transporting passengers for hire; or

2. A bicycle (as defined by the California Vehicle Code) that pulls a trailer, sidecar, or similar device, that transports, or is capable of transporting, passengers on seats attached to the trailer, sidecar, or similar device, that is operated by a person, and that is being used for transporting passengers hire.

This Section does not authorize the operation of any devices satisfying the definition of California Vehicle Code Section 467.5(c), which are commonly known as “beer bikes” and defined as a four-wheeled device that is primarily or exclusively pedal-powered, has a seating capacity for eight or more passengers, cannot travel in excess of 15 miles per hour, and is being used for transporting passengers for hire. Such devices must be operated as set forth in California Vehicle Code Section 21215 and are therefore prohibited from operating within the city.

H. "Pedicab operating permit" means a written permit issued by the city of Lodi authorizing a person to operate a pedicab.

I. "Person" means both singular and plural, and shall mean any individual, firm, corporation, association, partnership, or society exclusive of public agencies.

J. "Police chief" means the chief of police for the city of Lodi or his or her designee.

5.25.030 - Permit requirement to operate pedicab.

It is unlawful for any person to operate a pedicab within the city without first having obtained a pedicab operating permit issued by the city pursuant to this Chapter. Pedicab operating permits are the property of the city and are not transferable to any other operator.

5.25.040 - Application for pedicab operating permit.

A. Before operating a pedicab, an applicant shall apply for a pedicab operating permit in person.

B. The pedicab operating permit application form shall be in a form prescribed by the city clerk.

C. The applicant shall provide the following information to complete the application under oath or affirmation:

    1. The applicant's full name and residence address;

    2. The applicant's date of birth; and

    3. The applicant's valid California driver's license.

D. The applicant shall provide the following material to complete the application:

    1. Proof that the applicant is eighteen years or older;

    2. Proof of ability to drive lawfully in the United States;

    3. Proof of a valid city of Lodi business license;

    4. A complete set of fingerprints;

    5. Two recent color passport-sized photographs; and

    6. Such other material as the city clerk may require to evaluate the fitness of the applicant to be granted a pedicab operating permit.

E. Each applicant must sign the application which shall contain a warning that the application may be denied or the permit suspended or revoked if the applicant misrepresents, or fails to disclose, facts relevant to the fitness of the applicant to be granted a pedicab operating permit.

F. The city clerk shall investigate the facts stated in an application for a pedicab operating permit and other relevant data.

G. When an application has been denied, the applicant may not reapply for a pedicab operating permit within three hundred sixty five days from the date of denial, unless denial is without prejudice.

5.25.050 - Pedicab operating permit fee.

The city shall charge a nonrefundable fee to recover the cost of activities associated with the administration, regulation, and issuance of pedicab operating permits as may from time to time be determined by the city council.

5.25.060 - Duration of validity of pedicab operating permit.

Any permit issued pursuant to this Chapter shall expire at the end of the calendar year in which it is issued and must be renewed within 30 days of the date of expiration.

5.25.070 - Pedicab operating permit renewal.

Pedicab operating permits shall be renewable annually upon filing and approval of a new application and payment of a pedicab operating permit fee as determined by the city council.

5.25.080 - Denial of pedicab operating permit.

The city clerk may deny issuance of a pedicab operating permit if an applicant:

A. Fails to comply with the requirements of this Chapter;

B. Misrepresents, or fails to disclose, facts relevant to the fitness of the applicant;

C. Does not possess a valid driver's license issued by State of California;

D. Has any type of driving restrictions issued by the State of California;

E. Is currently required to register pursuant to California Penal Code Section 290;

F. Has been convicted of a crime involving moral turpitude or narcotics; or

G. Has been convicted for hit and run, driving a vehicle recklessly or while under the influence of intoxicating alcohol or drugs within the seven years immediately preceding application for a pedicab operating permit.

5.25.090 - Suspension or revocation of pedicab operating permit.

A. The city clerk may suspend, for a period not to exceed thirty days, and may revoke a pedicab operating permit if the operator:

1. Misrepresents, or fails to disclose, facts relevant to the fitness of the operator if such misrepresentation becomes known after a permit has been issued;

2. Violates the traffic laws of the city, county or state;

3. Is convicted for misdemeanor reckless driving;

4. Drives a pedicab known to the operator not to be in good order and repair;

5. Knowingly falsifies material and relevant facts on an application for a pedicab operating permit;

6. Is convicted or pleads nolo contendere to the violation of any law involving alcohol;

7. Is convicted or pleads nolo contendere to the violation of any law involving moral turpitude;

8. Operates any vehicle in a manner which constitutes a misdemeanor under the laws of the State of California; or

9. Repeatedly fails to comply with the applicable provisions of this Chapter or the rules and regulations prescribed by the city clerk.

B. The city clerk shall immediately suspend, for a period not to exceed thirty days, and may revoke a pedicab operating permit of any operator upon the receipt of information reasonably sufficient and reliable to establish that the operator has committed a violation of law involving:

1. A felony;

2. A sex offense;

3. Soliciting for prostitution;
4. A narcotics offense; or
5. Has had a license to drive issued by the State of California either suspended or revoked by the state.

C. The city clerk shall immediately revoke the pedicab operating permit if that operator has been found guilty by final judgment of a court of competent jurisdiction of a violation of the law involving:

1. A felony;
2. A sex offense;
3. Soliciting for prostitution; or
4. A narcotics offense.

D. Upon suspension or revocation, the operator shall immediately surrender the pedicab operating permit to the city clerk. In the event of suspension, the city clerk shall return the pedicab operating permit to its operator immediately after termination of the suspension period.

5.25.100 - Identification badges issued to pedicab operators with a pedicab operating permit.

A. The city shall issue an identification badge to an individual after that individual has been issued a pedicab operating permit.

B. While the pedicab is in operation, the pedicab operator shall wear the identification badge at all times on his or her person, in a manner clearly visible to the public.

C. It is unlawful for a pedicab operator to fail to wear an identification badge, in a manner clearly visible to the public, while operating a pedicab.

D. Identification badges are the property of the city and are not transferable to any other operator. In the event that an operator's pedicab operating permit is suspended or revoked, the operator shall also immediately surrender the identification badge to the city clerk. In the event of a suspension, the city clerk shall return the identification badge to its holder immediately after termination of the suspension period.

5.25.110 - Pedicab decal.

A. It is unlawful for any owner to lease, rent, or allow a pedicab to be operated for hire within the city without first having obtained a decal issued pursuant to this Chapter. The decal shall be affixed to the pedicab on the rear or back side of the pedicab in a manner clearly visible to the public.

B. It is unlawful for any person to operate a pedicab that does not have a valid decal affixed to it.

C. Decals are the property of the city and are not transferable to any other pedicab.

5.25.120 - Application for pedicab decal.

A. Before allowing a pedicab to be operated for hire, an owner shall obtain a pedicab decal.

B. The pedicab decal application form shall be prescribed by the city clerk.

C. The applicant shall provide the following information to complete the application:

1. The full name and address of the applicant;
2. The name and address of all legal and registered owners of the pedicab;
3. A description of the pedicab, including trade name, if any, serial number or owner identification number, and body style;
4. Seating capacity of the pedicab;
5. Route(s) or area(s) over which the applicant proposes to operate the pedicab; and
6. Proof of insurance in accordance with Section 5.25.250 of this Chapter.

5.25.130 - Requirements for issuance of pedicab decal.

Pedicab decals will be issued only when a pedicab meets all of the following requirements:

A. A battery-operated headlight capable of projecting a beam of white light for a distance of three hundred feet shall be permanently affixed to the pedicab;

B. Battery-operated taillights shall be permanently affixed on the right and the left, respectively, at the same level on the rear exterior of the passenger compartment. Taillights shall be red in color and plainly visible from all distances within five hundred feet to the rear of the pedicab;

C. Side-mounted rearview mirrors affixed to the right and left side of the pedicab so located as to reflect to the driver a view of the street for a distance of at least two hundred feet to the rear of the pedicab;

D. Seat belts for each available passenger seat;

E. Those requirements related to bicycles as set forth in California Vehicle Code Section 21201; and

F. A statement by a bicycle mechanic, technician, or repair shop certifying that the pedicab complies with the requirements set forth herein.

The chief of police, or any member of the police department under his/her direction, shall have the authority, at any time after displaying proper identification, to enter into or upon any pedicab for the purpose of ascertaining whether or not any of the provisions set forth herein are being violated.

5.25.140 - Pedicab decal fee.

The city shall charge a nonrefundable fee to recover the cost of activities associated with the administration, regulation, and issuance of pedicab decals.

5.25.150 - Duration of validity of pedicab decal.

Pedicab decals shall expire at the end of the calendar year in which they were issued.

5.25.160 - Pedicab decal renewal.

Pedicab decals shall be renewable annually upon filing of a renewal application on a form prescribed by the city clerk and submittal of the following:

A. Decal renewal fee;

B. Proof of ability to drive lawfully in the United States;

C. Proof of a valid city of Lodi business license;

D. Proof of insurance in accordance with Section 5.25.250 of this Chapter; and

E. A list of all pedicabs to be used in operation and proof of inspection for each, in accordance with Section 5.25.130 of this Chapter.

5.25.170 - Denial of pedicab decal for failure to comply with chapter.

The city may deny issuance of a pedicab decal if the city clerk determines that the pedicab does not meet the requirements of this Chapter or applicable state law.

5.25.180 - Suspension or revocation of pedicab decal.

A. Decals may be suspended by the city clerk for a period of one to thirty days or revoked at any time if the owner:

1. Fails to comply with the applicable provisions of this chapter;

2. Fails to maintain insurance as required by Section 5.25.250;

3. Fails to notify the city clerk thirty days prior to the effective date of liability insurance cancellation or change of insurer;

4. Fails to maintain pedicabs in good order and repair as prescribed herein;

5. Provides false statements on an application for a decal;

6. Fails to pay any fees or damages lawfully assessed upon the ownership or operation of any pedicab licensed under this Chapter; or

7. Violates any of the provisions of this Chapter or any applicable city, state, or federal laws, rules, or regulations.

B. Decals which have been suspended shall forthwith be surrendered to the city clerk for a period covering the term of suspension. The city clerk shall return the decal to its holder immediately after termination of the suspension period.

C. Decals which have been revoked shall forthwith be surrendered to the city clerk by the holder thereof.

D. The city clerk shall notify in writing and by certified mail, any decal holder whose permit has been suspended or revoked. Such notice shall state any and all reasons for such action, as well as all laws or regulations violated by the decal holder.

5.25.190 - Other laws applicable to pedicab owners and operators.

Pedicab owners and operators are subject to all applicable city, county, state, and federal laws, rules, and regulations.

5.25.200 - Report of accidents.

Each holder of a pedicab decal and pedicab operating permit involved in any accident resulting in property damage or personal injury of any kind, shall within forty-eight hours thereof give written report thereof to the city clerk. A copy of a report required under state law shall be deemed sufficient for such purposes; otherwise, such report shall contain all information required with respect to reports otherwise required under state law.

5.25.210 - Minimum age for pedicab operators.

It is unlawful for any individual under the age of eighteen to operate a pedicab.

5.25.220 - Driver's license requirement to operate pedicab.

A. It is unlawful for any individual without a motor vehicle driver's license issued by the State of California to operate any pedicab within the city.

B. While the pedicab is in operation, the pedicab operator shall have his or her valid driver's license on his or her person at all times.

5.25.230 - Business license requirement to operate pedicab.

It is unlawful for a person to operate a pedicab without first obtaining a business license from the city.

5.25.240 - Equipment regulations for the operation of pedicabs.

A. It is unlawful for any person to operate, or cause to be operated, a pedicab which fails to meet the equipment requirements of Section 5.25.130 of this Chapter.

5.25.250 - Insurance requirements.

In order to ensure the safety of the public, it is unlawful for any person who owns a pedicab to allow it to be operated or driven or to obtain a permit for its operation under this Chapter unless and until such person has complied with the provisions of this Section.

A. The owner or operator of any pedicab operated under this Chapter must secure his or her ability to answer to any claim for damage to person or property which may arise against him or her by reason of the operation of the pedicab as follows:

    1. Public liability insurance in the minimum limits of one hundred thousand dollars for injury or death to any person and three hundred thousand dollars for injury or death of more than one person in the same accident;

    2. Public liability insurance for property damage in the minimum amount of fifty thousand dollars for any one occurrence;

    3. The policy of insurance is endorsed to provide a hold harmless clause in favor or the city;

    4. The policy provides that thirty-days' notice of cancellation of insurance be sent to the city clerk; and

    5. A certificate evidencing insurance shall be filed with the city clerk and the risk manager for the city, and must name the city, its officers, agents, and employees as additional insureds.

B. The insurance required under this Section shall remain in full force, at a level at least equal to the minimum requirements set forth above, or the pedicab decal will be subject to revocation or suspension pursuant to this Chapter.

5.25.260 - Fare schedule.

A. Every pedicab shall have permanently affixed to the outside thereof, in a place readily to be seen by passengers, a frame covered with clear plastic, or similar material, enclosing a

card upon which shall be printed in plain, legible letters the schedule of rates authorized for carriage in such pedicab.

B. It is unlawful for an operator to deceive any passenger who rides in the vehicle, or who expresses a desire to ride in such vehicle, as to that passenger's destination or the rate to be charged.

C. It is unlawful for any operator to demand from a passenger a fare greater than the fare contained in the posted fare schedule.

D. Section 5.25.260(C) does not apply to fares for special tours, provided that the fare for the special tour is agreed upon between the passenger and the operator prior to the beginning of the tour.

5.25.270 - Right of appeal from denial of issuance of pedicab operating permit or decal.

A. The city clerk shall notify the applicant that the issuance of his or her pedicab operating permit or decal has been denied. The city clerk shall also notify the applicant of the right to appeal the denial to the city manager. Any written appeal shall be filed with the city clerk within ten calendar days after service of notice of denial. Service shall be by regular postal service or personal delivery. The applicant shall set forth in the appeal the reason why the denial is not proper.

B. If no appeal is filed within the time allowed, the decision of the city clerk to not issue the pedicab operating permit or decal shall be considered final.

C. The city manager shall direct an appeal to be heard within fifteen days after a notice of appeal is filed with the city clerk as required by this Section.

D. A denial shall remain in effect until a duly filed appeal is heard by a hearing officer under the procedures set forth in Section 5.25.290

5.25.280 - Right of appeal from suspension or revocation of pedicab operating permit or decal.

A. The city shall notify the pedicab operator or owner that his or her pedicab operating permit or decal has been suspended or revoked. The city clerk shall also notify the pedicab owner or operator of the right to appeal the suspension or revocation to the city manager. Any written appeal shall be filed within ten calendar days after service of notice of suspension or revocation. The pedicab operator or owner shall set forth in the appeal the reason why the suspension or revocation is not proper.

B. If no appeal is filed within the time allowed, the pedicab operating permit or decal shall be considered suspended or revoked and the pedicab operator or owner shall immediately surrender the pedicab operating permit or decal to the city clerk in the manner prescribed by the city clerk.

C. Once a timely appeal is filed, the suspension or revocation of the operating permit or decal shall be stayed pending the final determination by the hearing officer as set forth in Section 5.25.290

5.25.290 - Procedure upon appeal.

A. If an applicant served with a notice of denial, suspension, or revocation chooses to appeal, he or she shall file an appeal within ten calendar days from the service of the notice from the city clerk.

B. Appeals to the city manager:

1. Any decision of the city clerk which is a denial to issue or a suspension or revocation of any pedicab operating permit or decal shall not become final until fifteen days after the date of transmittal of the written notice to the person affected by such decision, during which period the party to the action may appeal the decision in the manner provided herein at any time prior to the expiration date of the fifteen-day period. If no appeal is taken before the expiration of the fifteen-day period, the decision of the city clerk shall be final.

2. The appeal of any decision shall be in writing signed by the party to the action briefly setting forth the reasons why such decision is not proper, stating an address at which the appellant will receive notices and filed with the city clerk.

3. The city clerk shall upon receipt of the appeal set the matter for hearing before a hearing officer. The hearing officer shall be an attorney or recognized mediator designated by the city attorney. The hearing shall be scheduled for not more than thirty calendar days after receipt of the appeal unless a longer time is requested or consented to by the appellant.

4. The hearing shall not be conducted under the formal Rules of Evidence but shall be subject to such standards of procedure and evidence as reasonable people would utilize in the conduct of serious business.

5. The appellant (or a representative) shall have the right to present his or her case in person.

6. The hearing officer shall consider the case record, as well as any statements offered by interested parties. The hearing will be conducted according to administrative rules relating to evidence and witnesses as set forth in Chapter 1.10 of this code.

7. If the hearing officer refuses to issue or restore a pedicab operating permit or decal, the party to the action, or such party's agent, shall not file a new application within three hundred sixty five days from the date of final action by the hearing officer.

8. If the hearing officer suspends a pedicab operating permit or decal, the city clerk shall determine a period of suspension of not more than thirty days.

9. If the hearing officer's action is to grant or restore a decal or permit, the hearing officer shall direct the city clerk to issue or restore the certificate or license.

C. Any party dissatisfied with the decision of the hearing officer may carry the matter forward under the provisions for administrative mandamus (Code of Civil Procedure Section 1094.5) as it now exists or may later be amended.

5.25.300 - Enforcement authority.

The city is authorized to administer and enforce the provisions of this chapter. The city may exercise any enforcement powers as provided in this code.

5.25.310 - Enforcement remedies.

Any person violating the provisions of this chapter is guilty of an infraction, unless otherwise noted, punishable on conviction as set forth in Chapter 1.08 of this code. The city attorney may also seek injunctive relief and civil penalties in the superior court for violations of the provisions of this chapter.

5.25.320 - Strict liability offenses.

Violations of this chapter shall be treated as strict liability offenses.

5.25.330 - City held harmless.

A decal holder shall, and by acceptance of the decal does, to the maximum extent permitted by law, agree to indemnify and hold harmless the city of Lodi, its officers, employees and agents from any and all damages, claims, liabilities, costs, suits, or other expense resulting from and arising out of the decal holder's operations.

5.25.340 - General pedicab operation.

A. Any pedicab permitted by the city as a pedicab shall be operated according to the pedicab provisions of this Chapter and the applicable provisions of the California Vehicle Code governing the operation of bicycles.

B. Each operator shall carry in the vehicle a current map of the city. Upon request, the operator shall make the map available to the passenger.

C. Every pedicab while in operation for the solicitation or transportation of passengers shall be attended by the operator at all times except when such operator is actually engaged in loading or unloading the vehicle, or in answering telephones in connection with the business.

D. An operator shall not leave the pedicab operating permit in an unattended or unsecured pedicab.

E. No owner or operator of a pedicab shall knowingly permit such pedicab to be used for unlawful purposes or knowingly to transport persons therein to places for such purposes. Violation of this provision is a misdemeanor under this Chapter.

F. Every pedicab operating under this Chapter must be inspected by the police department for the city at such intervals as may be established by the chief of police, to insure the continued maintenance of safe operating conditions.

G. Every person owning or operating, or causing to be operated, any pedicab under this Chapter must thoroughly wash each pedicab, when so operated, at least once a week, and shall also sweep and clean each of the pedicabs daily.

H. It is unlawful for any person operating, or causing to be operated, any pedicab to permit the same to remain standing upon the street for the purpose of loading or unloading passengers unless the side of the pedicab is within a legal parking stall or other designated loading zone.

SECTION 2. No Mandatory Duty of Care. This ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City or outside of the City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

SECTION 3. Severability. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application. To this end, the provisions of this ordinance are severable. The City Council hereby declares that it would have adopted this ordinance irrespective of the invalidity of any

particular portion thereof.

SECTION 4. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

SECTION 5. Effective Date and Publication This ordinance shall take effect thirty (30) days after its adoption. In lieu of publication of the full text of the ordinance within fifteen (15) days after its passage, a summary of the ordinance may be published at least five (5) days prior to and fifteen (15) days after adoption by the City Council, and a certified copy shall be posted in the office of the City Clerk pursuant to Government Code Section 36933(c)(1).

Approved this___day of_____, 2016

_____
MARK CHANDLER
Mayor

ATTEST:

JENNIFER M. FERRAIOLO
City Clerk

State of California
County of San Joaquin, ss.

I, Jennifer M. Ferraiolo, City Clerk of the City of Lodi, do hereby certify that Ordinance No. 1931 was introduced at a regular meeting of the City Council of the City of Lodi held September 21, 2016, and was thereafter passed, adopted, and ordered to print at a regular meeting of said Council held _____, 2016, by the following vote:

AYES: COUNCIL MEMBERS –

NOES: COUNCIL MEMBERS –

ABSENT: COUNCIL MEMBERS –

ABSTAIN: COUNCIL MEMBERS –

I further certify that Ordinance No. 1931 was approved and signed by the Mayor on the date of its passage and the same has been published pursuant to law.

JENNIFER M. FERRAIOLO
City Clerk

Approved as to Form:

JANICE D. MAGDICH
City Attorney