



AGENDA
CITY OF NORCO
CITY COUNCIL

November 19, 2014

City Council Chambers
2820 Clark Avenue, Norco, CA 92860



Berwin Hanna, Mayor
Herb Higgins, Mayor Pro Tem
Kathy Azevedo, Council Member
Kevin Bash, Council Member
Greg Newton, Council Member

CALL TO ORDER: 6:00 p.m.

ROLL CALL

§54956.9(c) – Conference with Legal Counsel – Anticipated Litigation:

Two Potential Cases

RECONVENE PUBLIC SESSION: 7:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION (§54957.1): (City Attorney)

PLEDGE OF ALLEGIANCE: Council Member Newton

INVOCATION: Norco Foursquare Church, *Pastor Jared Vieyra*

INTRODUCTIONS: County of Riverside/Cal Fire Personnel

PRESENTATIONS: George A. Ingalls Veterans Memorial Plaza
Donations from RURAL and Norco FFA

Department of Parks, Recreation and Community
Services for work on the George A. Ingalls
Veterans Memorial Plaza

CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS
2. CITY COUNCIL CONSENT ITEMS: *All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Council, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Council or the audience request specific items be removed from the Consent Calendar. Items removed from the Consent Calendar will be separately considered under Item No.3 of the Agenda.*
 - A. City Council Minutes: Regular Meeting of November 5, 2014
Recommended Action: Approve the City Council Minutes (City Clerk)
 - B. Procedural Step to Approve Ordinance after Reading of Title Only.
Recommended Action: Approval (City Clerk)
 - C. Recap of Actions Taken by the Planning Commission at its Meeting held on November 12, 2014. **Recommended Action: Receive and File** (Planning Director)
 - D. Proposed Cancellation of the January 7, 2015 City Council Regular Meeting.
Recommended Action: Cancel the January 7, 2015 City Council Regular meeting. (City Clerk)
 - E. Award of Contract for Annual Independent Audit Services to White Nelson Diehl Evans, LLP. **Recommended Action: Award the contract for annual independent audit services to White Nelson Diehl Evans, LLP.** (City Manager)
 - F. Approval of the Supplemental Agreement for the 2014-2015 Community Development Block Grant Program Year. **Recommended Action: Approve the Supplemental Agreement for the 2014-2015 Community Block Grant Program Year.** (Parks, Recreation and Community Services Director)
 - G. Amendment No. 3 to the Project and Capacity Agreement for the Expansion of the Western Riverside County Wastewater Treatment Plant.
Recommended Action: Approve Amendment No. 3 to the Project and Capacity Agreement (Water and Sewer Manager)
3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR

4. LEGISLATIVE MATTERS: *No new evidence will be heard from the public as the public hearing has been closed regarding the items listed.*
 - A. **Ordinance No. 981, Second Reading.** Code Amendment 2014-06. A City-Initiated Proposal to Amend Chapter 6.42 "Municipal Refuse Collection Service" of the Norco Municipal Code by Amending Sections 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.107, and 6.42.110 to Ensure Proper Compliance with City Code, State, and Federal Waste Disposal and Recycling Laws. **Recommended Action: Adopt Ordinance No. 981.** (City Clerk)
 - B. **Ordinance No. 982, Second Reading.** Code Amendment 2014-07. A City-Initiated Code Change to Amend Chapter 15.09 "Swap Meets" and Other Related Cross-References in the Norco Municipal Code as Needed Regarding the Collection of Business License Fees for Special Events. **Recommended Action: Adopt Ordinance No. 982.** (City Clerk)
5. CITY COUNCIL DISCUSSION / ACTION ITEMS:
 - A. Possible Zone Code Amendment to Consider Expanding Animal-Keeping Rights to Certain Lots Zoned R-1-10 that Meet Minimum Qualifying Requirements. **Recommended Action: Provide direction to staff.** (Planning Director)
 - B. Resolution in Support of March Air Reserve Base and Naval Surface Warfare Center Corona, Detachment Norco. **Recommended Action: Adopt Resolution No. 2014-66, supporting March Air Reserve Base and Naval Surface Warfare Center Corona, Detachment Norco.** (City Manager)
 - C. Agreement for the Assignment of California Department of Corrections and Rehabilitation Wastewater Discharge Rights By and Among Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, the City of Corona, and the City of Norco. **Recommended Action: Approve the Agreement for the Assignment of California Department of Corrections and Rehabilitation Wastewater Discharge Rights.** (Water and Sewer Manager, City Manager)
6. CITY COUNCIL CONTINUED PUBLIC HEARING:
 - A. Approval of Additional Street Improvement Projects and Appropriation of Additional Funds from the 2014-15 Fiscal Year, Measure "A" Projects Funds 137.

City Council approved the Capital Improvement Program (CIP) budget on June 4, 2014. Included in the CIP, Measure "A" Fund 137 was a total of 17 projects totaling \$1,167,000 for fiscal year 2014-2015. Staff is requesting to

add three additional street projects, with estimated value of design and construction at \$1,004,000.

Recommended Action: Adopt Resolution No. 2014-67, adding three street improvement projects and appropriating additional funds in the amount of \$1,004,000 to the 2014-2015 fiscal year, Measure “A” Projects Fund 137. (Director of Public Works)

7. CITY COUNCIL PUBLIC HEARINGS:

- A. Entertainment Permit 2012-01, Modification No. 1 (Crain/Jensen): A Request to Modify Approved Entertainment Permit 2012-01 to Expand the List of Activities Allowed with the Permit.

The owners of Water Wheel Saloon and Restaurant are requesting an expansion of an existing Entertainment Permit to encompass more activities within a greater range of allowable hours. A modification to an Entertainment Permit requires approval by the City Council. The item requires more review and study before it can be presented to the City Council.

Recommended Action: Continue the public hearing for Entertainment Permit 2012-01, Modification 1 (Crain/Jensen) to December 3, 2014. (Planning Director)

- B. Approval of Projects for Use of Community Development Block Grant (CDBG) Funds, Program Year 2015-2016, Through the U.S. Department of Housing and Urban Development and the County of Riverside Economic Development Agency.

Applications for 2015-2016 Community Development Block Grant (CDBG) funds are due to the Riverside County Economic Development Agency (EDA) no later than November 21, 2014. The City has been asked to estimate funding needs based on funding received for current Program Year 2014-2015, and is presenting funding applications for Council consideration based on an estimate. Final adjustments will be made to selected programs and projects once the actual allocation amount is known.

Recommended Action: Approve the following projects to be submitted for funding through the CDBG Program for Program Year 2015-2016: 1. Norco Party Partners; 2. Senior Citizens Recreation and Community Service Leader; 3. Ingalls Park ADA Restroom Project. (Director of Parks, Recreation, and Community Services)

8. APPEAL HEARING:

- A. **Appeal 2014-02 (McGreevey)** An Appeal of the Planning Commission's Denial of Conditional Use Permit 2011-28, Modification 1: A Request for Approval to Allow a 528 Square-Foot Patio Cover Addition to An Existing Detached Accessory Building at 3067 Pacer Driver Located Within the A-1-20 Zone. (Planning Director)

At its meeting on October 29, 2014, the Planning Commission denied Conditional Use Permit 2011-28, Modification No. 1. Conditional Use Permit 2011-28 was originally approved to allow a 1,456 square-foot storage and shop building on the subject property. The modification requested is to allow a patio cover addition to the existing building. The City Council can either uphold the Planning Commission action or overturn that action and approve the project with conditions of approval as deemed necessary.

9. PUBLIC COMMENTS: *This is the time when persons in the audience wishing to address the City Council regarding matters not on the agenda may speak. Please complete the speaker card in the back of the room and present it to the City Clerk so that you may be recognized.*

10. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS

ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

Staff reports are on file in the Office of the City Clerk. Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue.

Please note that this meeting is being recorded. In accordance with Roberts Rules of Order, Norco City Council meeting minutes are a record of the actions taken, not what was said. The names of persons who spoke during the public comments section and their topics will be listed on the Minutes. Recordings of meetings may be purchased for a minimal cost by contacting the office of the City Clerk.



MINUTES
CITY OF NORCO
CITY COUNCIL

November 5, 2014

City Council Chambers
2820 Clark Avenue, Norco, CA 92860



CALL TO ORDER: 6:00 p.m.

ROLL CALL: Berwin Hanna, Mayor, **Present**
Herb Higgins, Mayor Pro Tem, **Present**
Kathy Azevedo, Council Member, **Present**
Kevin Bash, Council Member, **Present**
Greg Newton, Council Member, **Present**

The City Council recessed to Closed Session (Section 54954) to consider the following matter:

§54956.8 – Conference with Real Property Negotiators:

Property: 119-020-015, 119-020-022
City Negotiator: City Manager Andy Okoro, Planning Director Steve King
Negotiating Party: Realty Bancorp Equities
Under Negotiation: Price and conditions for acquisition of property

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION (§54957.1 - City Attorney):

The City Attorney stated that there were no reportable actions from Closed Session.

RECONVENE PUBLIC SESSION: 7:00 p.m.

PLEDGE OF ALLEGIANCE: Council Member Kevin Bash

INVOCATION: Mayor Pro Tem Higgins

INTRODUCTIONS: County of Riverside/Cal Fire Personnel

Chief Pemberton introduced Cal Fire members from the Hillside Avenue Fire Station - Fire Specialist Jason Walsh, Captain Dave Semple, Engineer Jeff Crile, Captain Rich Chvilicek, and Engineer Nickolas Pecore – and briefly gave background information on their education and work duties.

PRESENTATION: Norco Horsemen's Association Donation to the George A. Ingalls Veterans Memorial

Mayor Hanna called up Norco Horsemen's Association President Glenn Hedges to the podium for the presentation. Mr. Hedges presented the City of Norco with a check in the amount of \$2,500 for the George A. Ingalls Veterans Memorial. Mr. Hedges commented on the countless hours of donated time in order to give the donation. Mr. Hedges also invited the public to attend the Norco Horsemen's Association Trails Committee Tumbleweed Party at Ted Brooks Park. Trail clean-up will take place with the coordinated efforts of Boy Scout Troop 33.

CITY COUNCIL BUSINESS ITEMS AS FOLLOWS:

1. CITY COUNCIL COMMUNICATIONS / REPORTS ON REGIONAL BOARDS AND COMMISSIONS

Council Member Azevedo:

- Attended Western Riverside Council of Governments meeting on Monday, November 3rd.
- Attended the Parade of Lights meeting. Council Member Azevedo requested used Christmas lights donations from the public. Donation boxes will be set up in the Parks and Recreation office. The Winter Festival will be on December 13th. The Celebrity Grand Marshall will be Mary Ann from Gilligan's Island. Council Member Azevedo commented that the Norco Horsemen's Association also donated \$300 to the Parade of Lights.
- Attended the November 3rd UNLOAD meeting and thanked Lieutenant Briddick for his assistance.

Council Member Newton:

- Attended the Western Riverside County Regional Wastewater Authority Board of Directors special meeting on October 20th and discussed the plant expansion project off of River Road. The plant expansion will increase from eight million gallons per day to fourteen million gallons per day. The Board of Directors also reviewed the design and engineering costs, which are approximately \$3.3 million. The overall cost of the project is up to \$72 million.

Mayor Pro Tem Higgins:

- Nothing to report.

Council Member Bash:

- Attended the Western Riverside County Regional Conservation Authority (RCA) meeting on November 3rd. RCA is considered a model for the nation.
- Discussed the success of the Wheelchair Basketball Tournament October 25th – 26th.

Mayor Hanna:

- Attended the Riverside Transit Authority (RTA) meeting today. Ridership continues to increase. RTA also discussed the possibility of lower fuel prices affecting ridership.
- Commented on Vector Control discussion of yellow fever being an issue in mid-state and is now spreading to San Diego and Los Angeles counties.

2. CITY COUNCIL CONSENT ITEMS:

Council Member Azevedo noted minor corrections to the October 8, 2014 and October 15, 2014 minutes. Council Member Bash pulled Item 2.E. for discussion.

M/S HIGGINS/AZEVEDO to adopt Item 2.A. as amended and to adopt the remaining items as recommended on the Consent Calendar. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- A. City Council Minutes:
Special Meeting Minutes of October 8, 2014
Regular Meeting of October 15, 2014
Special Joint Meeting Minutes of October 22, 2014
Action: Approved the City Council Minutes as amended.
- B. Procedural Step to Approve Ordinance after Reading of Title Only. **Action: Approved**
- C. Recap of Action Taken by the Planning Commission at its Meeting held on October 29, 2014. **Action: Received and filed.**
- D. Resolution Accepting a Grant in the Amount of \$5,390 from the Fiscal Year 2014 Home Security Grant Program (HSGP) to Continue the Citizen emergency Response Team (CERT) Program. **Action: Adopted Resolution No. 2014-64, accepting the HSGP funds the amount of \$5,390.**
- E. Approval of Changes in the Contract Amounts in the Professional Services Agreement with RKA Consulting Group to Design the Bluff Street Reservoir Improvement Project. **Pulled for discussion.**

3. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR

- 2.E. Approval of Changes in the Contract Amounts in the Professional Services Agreement with RKA Consulting Group to Design the Bluff Street Reservoir Improvement Project.

Council Member Bash pulled the item to ask City Manager Okoro to provide a brief explanation about the proposal. Mr. Okoro stated that this item is a proposal to increase the design contract with RKA Engineering by \$40,000. The increase is as a result of an increased scope, which was originally intended to be done by another contractor. In the interest of efficiency, the design work is now with RKA Engineering, who will solicit proposals for the work.

M/S BASH/HIGGINS to approve the change in contract amounts not to exceed \$40,000 and approve the changes to the contract. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

4. CITY COUNCIL CONTINUED PUBLIC HEARINGS:

- A. A Resolution Amending the City's Comprehensive Fee Resolution to Update and Adjust the Development Impact Fee Schedule.

City Manager Okoro presented a brief overview of the Development Impact Fee Schedule. Mr. Okoro noted that on May 7, 2014, the City Council conducted a public hearing to consider proposed changes to the City's development impact fees, following a comprehensive fee schedule study. After the public hearing, the City Council voted to defer action and directed staff to conduct additional review to ensure that the proposed fees are reasonable in comparison to fees charged by neighboring jurisdictions. Also, Building Industry Association representative Nathan Miller requested time to review the study and proposed fees. After several discussions with Mr. Miller, he has provided comments, which are attached to the staff report.

Mayor Hanna opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak. With no one wishing to speak, Mayor Hanna closed the public hearing, bringing the discussion back to Council Members.

Council Member Bash expressed that the City Council and staff have given Mr. Miller the courtesy of time to presents his comments. Council Member Bash agreed with the industrial commercial rates.

Mayor Pro Tem Higgins asked about the aquatics center fee under multi-family and single-family section. In response, City Manager Okoro stated that there is no fee recommended for that category as it has been eliminated.

Council Member Newton noted his concerns regarding Mr. Miller's comments representing the Building Industry Association. Council Member Newton agreed with the recommended fees for commercial office, commercial lodging, and industrial. However, with single-family and multi-family, Council Member Newton expressed concern with reducing those fees. Council Member Newton recommended adopting the calculated fees that were originally proposed. In response, City Manager Okoro indicated that the recommended fees that are proposed are not a reduction from the existing levels.

Mayor Hanna suggested approving the calculated fees. Mayor Pro Tem Higgins concurred and clarified that all fees approved should be the calculated fees.

Council Member Azevedo expressed her agreement with the current recommended fees, as the consultant over-inflated the fees and by comparison, Norco's fees are more than neighboring cities. Council Member Azevedo suggested staying in compliance with neighboring jurisdictions.

A motion was made by Council Member Newton to amend the City's comprehensive fee resolution to update and adjust the development impact fees leaving the commercial office, commercial lodging, and industrial fees as recommended fees noted November 5, 2014; and adjust the single-family and multi-family categories to calculated fees as noted November 5, 2014. The motion failed due to lack of a second.

M/S HIGGINS/BASH to adopt Resolution No. 2014-60, amending the City's comprehensive fee Resolution to update and adjust the development impact fees by accepting calculated fees for all categories.

Under discussion, Council Member Azevedo noted her concerns that Norco's development impact fees are higher than neighboring cities and might discourage development in Norco.

The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- B. **Ordinance No. 981, First Reading.** Code Amendment 2014-06. A City-Initiated Proposal to Amend Chapter 6.42 "Municipal Refuse Collection Service" of the Norco Municipal Code by Amending Sections 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.107, and 6.42.110 to Ensure Proper Compliance with City Code, State, and Federal Waste Disposal and Recycling Laws.

Water and Sewer Manager Bill Thompson presented a brief report on the proposed amendment as noted in the staff report.

Mayor Hanna opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Ted Hoffman expressed his concerns that the City is not getting diversion credits due to thieves and scavengers taking recyclables out of resident's trash bins. Mr. Hoffman noted the need for enforcement to curtail this activity.

Mayor Hanna closed the public hearing, bringing the discussion back to Council Members.

Mayor Pro Tem Higgins asked how curtailing scavengers is enforced and asked who owns the trash in the bins when placed for pickup. In response, Mr. Thompson clarified the meaning of diversion. Mr. Thompson indicated that the City is credited for every pound of waste not put in the landfill. In response to Mayor Pro Tem Higgins, City Attorney John Harper stated that in theory, the trash is the property of the homeowner until it is picked up by the waste hauler. Lt. Briddick also responded by stating that he will research to see if this is currently addressed in the Norco Municipal Code.

M/S HIGGINS/BASH to adopt Ordinance No. 981 for first reading. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- C. **Ordinance No. 982, First Reading.** Code Amendment 2014-07. A City-initiated Code Change to Amend Chapter 15.09 "Swap Meets" and Other Related Cross-References in the Norco Municipal Code as Needed Regarding the Collection of Business License Fees for Special Events.

City Planner Steve King presented a brief presentation on the City-initiated code amendment as noted in the staff report.

Council Member Bash thanked the City Manager work his work on this amendment.

Mayor Hanna opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak. With no one wishing to speak, Mayor Hanna closed the public hearing, bringing the discussion back to Council Members.

M/S AZEVEDO/HIGGINS to adopt Ordinance No. 982 for first reading. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

- D. Code Amendment 2014-08. A City-Initiated Code Change to Amend Chapter 15.09 "Fire Code" and Other Related Cross-References in the Norco Municipal Code as Needed Regarding the Maximum-Allowed Structure Size Including Material Types that Does Not Require Fire Sprinklers.

Planning Director Steve King stated that City Council directed staff to bring a code amendment to change the maximum-allowed building square fee that does not need fire sprinklers to reflect what the Riverside County Code is since both agencies are served by Riverside County Fire Department. During efforts to draft the code amendment to match the Riverside County standard and to create an exemption for buildings constructed with non-flammable materials, it became clear that the code amendment is not needed because the Fire Chief already has the discretion to grant exemptions per the Fire Code. Therefore, Chief Pemberton recommended that the City-initiated code amendment be cancelled.

M/S HIGGINS/BASH to concur with staff's recommendation to cancel the requested code amendment and receive and file the report. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS

NOES: NEWTON

ABSENT: NONE

ABSTAIN: NONE

5. CITY COUNCIL PUBLIC HEARINGS:

A. Public Hearing Confirming Costs for 2014 Tumbleweed Abatement.

Chief Pemberton presented a brief presentation as noted in the staff report. Chief Pemberton stated that the 2014 Tumbleweed Abatement Report of Costs lists property owners whose vacant parcels were abated by the City's weed abatement contractor in October 2014. Upon adoption of the Resolution, property owners will be invoiced for payment of the abatement.

Mayor Hanna opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak. With no one wishing to speak, Mayor Hanna closed the public hearing, bringing the discussion back to Council Members.

M/S BASH/HIGGINS to adopt Resolution No. 2014-65, confirming the reports of costs for abatement of tumbleweeds and hazardous vegetation as a public nuisance and imposing special assessment liens on vacant parcels within the City. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

B. Amending the Five-Year Capital Improvement Program (Fiscal Years 2015-2019) for Additional Measure A Street Projects.

M/S AZEVEDO/NEWTON to continue the public hearing to November 19, 2014. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HANNA, HIGGINS, NEWTON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

6. CITY COUNCIL DISCUSSION / ACTION ITEM:

- A. Permanent Closure of Corona Avenue between Sedona Lane and Hidden Valley Parkway. **Recommended Action: Provide direction to staff regarding the removal of the street improvements within Corona Avenue between Sedona Lane and Hidden Valley Parkway.** (Director of Public Works)

Director of Public Works Lori Askew presented a brief overview of the discussion item as presented in the staff report.

City Attorney Harper gave a summary of the actions taken by Council regarding Corona Avenue. When the City Council voted to open Corona Avenue, they contemplated opening Valley View at the same time. There was litigation regarding the opening of Corona Avenue. The City did an Environmental Impact Report (EIR) and the court found the EIR sufficient. The court also made it clear to open both streets, not one or the other. When the City came to the point of opening both, the Norco Hills Specific Plan did not show Corona Avenue opening all the way to Hidden Valley Parkway (Yuma Avenue). The court then said that the City would have to amend the Norco Hills Specific Plan (NHSP) to reflect Corona Avenue going through. The Council voted unanimously not to amend the NHSP. City Attorney Harper said where the City stands now is if the Council decides to do something different than not allowing Corona Avenue to go through, at the very least Council would have to do a negative declaration or mitigated negative declaration and an additional traffic study for the environmental process.

In addition, Planning Director Steve King indicated that if the Council gives direction to take out the improvements on Corona Avenue, then the City will need to amend the circulation element to be consistent.

Council Member Newton asked if the scope of the circulation element would require a traffic study. In response, Director King stated that it depends on scope of what is being amended in the circulation element. If the amendment to the circulation element is to take out the connection to Corona Avenue, a traffic study may not be needed. A traffic study would be needed in order to open Corona Avenue.

Mayor Hanna opened the public hearing indicating that proper notification had been made and asked for the appearance of those wishing to speak.

Harvey Sullivan asked the Council to continue the item in order for staff to come back with a more complete staff report. Mr. Sullivan stated that all citizens have the right to use all streets in Norco. Mr. Sullivan added that it would be less expensive to conduct an EIR and amend the Norco Hills Specific Plan.

Mike Thompson commented that this issue is becoming a money pit. Mr. Thompson suggested leaving the street as is and spend the money elsewhere.

Daniella Segovia commented that she moved to Norco for the horse property. Ms. Segovia suggested keeping the street closed.

Lance Gregory commented that Council previously stated that traffic studies would be costly. The Streets, Trails, and Utilities Commission was told not to agendaize this issue therefore Mr. Gregory questioned the rush to have this discussed on the Council agenda. Mr. Gregory indicated that a traffic study is needed and the facts are needed. Mr. Gregory added that Valley View is a cul-de-sac with traffic because there is no signage indicating that there is not outlet on that street. Mr. Gregory commented on the amount of mitigation done for Corona Avenue and urged the Council not to make a hasty decision.

Ted Hoffman commented that this issue has been discussed since 1987. Mr. Hoffman suggested not opening the street for financial reasons. Mr. Hoffman asked why the Council would use Measure A funds to permanently close the street. Mr. Hoffman suggested suspending this issue for five years until the City is in a better financial position.

Lou Paltza spoke on behalf of Lisa Campbell. Mr. Paltza read a prepared statement by Lisa Campbell asking the Council why they are spending money frivolously. Ms. Campbell suggested leaving the street closed as more detail and facts are needed. Mr. Paltza added his own comments suggesting leaving Corona Avenue as is.

Myrna Paltza suggested leaving Corona Avenue as is. Ms. Paltza indicated that opening Corona Avenue would cause increased traffic and dangers.

Sandie MacQuarrie commented on that she feels strongly on three points. Ms. MacQuarrie said that the removal of traffic signal was done to make it more difficult to open Corona Avenue. Ms. MacQuarrie said that she is sympathetic to the original residents on Corona Avenue but also sympathetic to those that want another choice. She asked for a traffic study with real data and indicated that the funds as noted in the staff report could be spent elsewhere.

Sherry Haynes commented that she has lived in Norco for ten years and has seen a significant increase in traffic and sees the argument for keeping Corona Avenue closed. Ms. Haynes suggested putting the funds toward traffic enforcement.

Linda Dixon commented that this issue has been discussed for many years and has cost the City a considerable amount of money. Ms. Dixon urged the Council to make the decision to permanently close Corona Avenue. She expressed that more streets need to be closed.

Karen Shackelford commented that she has been part of this argument since 1996. Ms. Shackelford said that most residents do not mind going out of their way to get where they need to go and that boundaries are important to protect our City.

Beverly Kilpatrick commented that she is thankful for the decision to keep Corona Avenue closed.

Stacey Turner suggested keeping Corona Avenue closed as she doesn't mind driving out of her way.

Scott Hatton commented that over \$100,000 was spent to install the traffic signal at Corona Avenue and now it will be removed. He stated that the signal could be reused and the \$60,000 proposed in the staff report can be used elsewhere.

Diane Collins commented about the presentation she attended regarding the former Wyle Labs property. If the project moves forward, extensive EIRs and traffic studies will be conducted and that traffic will impact what happens with Corona Avenue. Ms. Collins suggested waiting on making a decision.

Su Bacon commented on the continued discussion on this topic which has caused a division. Ms. Bacon said that there isn't enough law enforcement and until enforcement staffing levels increase, she urged Council to keep borders closed.

Roy Hungerford urged Council to spend the \$60,000 to permanently close the street.

Pat Overstreet suggested not spending money in removing improvements and leaving them as is. Ms. Overstreet concurred with closed borders.

Mayor Hanna closed the public hearing, bringing the discussion back to Council Members.

Council Member Bash commented on the history of this issue. Council Member Bash indicated protecting the south quadrant of town.

Mayor Pro Tem Higgins commented that this issue was brought up as a result of pressure from the City of Corona regarding the traffic signal. Mayor Pro Tem Higgins stated that traffic does not mix well with horses and children. He commented on supporting the permanent closure of Corona Avenue.

Council Member Newton commented on his recent visit to the area. He stated he does not want to spend the money and asked if the recommendations listed in the staff report can be contingent on engineering conditions of approval of future development of that lot. In response, City Attorney Harper stated that those conditions could not be placed until the project for that lot is submitted. The City Attorney added that the only action that could be taken relevant to the question is to not spend the money. Council Member Newton asked about the existing pedestrian-equestrian trail on the street. Director Askew indicated that when the map was recorded, there was no street or trail shown on the map. The trail came in as part of the street improvements. Council Member Newton stated that his direction would be not to spend the money removing the improvements and making the removal conditional on future development.

Council Member Azevedo stated that she ran for office on a platform to protect Norco's lifestyle and supports keeping Corona Avenue closed. Council Member Azevedo suggested bringing back the item detailing cost effective ways to keep the road closed as the four recommendations listed in the staff report do not have costs and more specifics are needed.

Mayor Hanna noted that currently Corona Avenue is a temporary closure. Mayor Hanna commented on the need for emergency access in the event of a catastrophe. Therefore, Mayor Hanna recommended leaving the street as is to allow the removal of the barricades in an emergency.

Mayor Hanna made a motion to keep Corona Avenue as is. The motion failed due to lack of a second.

Council Member Bash and Director Askew discussed the details of the removal of the existing improvements. In response to Council Member Azevedo, Director Askew stated that the \$60,000 is to complete all four recommendations as listed in the staff report.

M/S HIGGINS/BASH to accept recommendations A, B, C, and D as noted in the staff report to move forward to permanently close Corona Avenue. The motion was carried by the following roll call vote:

AYES: AZEVEDO, BASH, HIGGINS

NOES: HANNA, NEWTON

ABSENT: NONE

ABSTAIN: NONE

Mayor Hanna recessed the meeting at 9:40 p.m. reconvened the meeting at 9:48 p.m.

7. PUBLIC COMMENTS:

Michelle McKechnie and Jett Nettekoven stated that they moved to Norco ten years ago. They indicated that they are medical marijuana patients, they believe in natural healing, and that two years ago they began a medical marijuana delivery service. Ms. McKechnie and Mr. Nettekoven indicated that they have been visited by the Sheriff's Department and have been cooperative with them. They asked how they can work with Norco officials regarding their delivery service.

Cindy Barczykowski spoke on behalf of the Corona Regional Medical Center Hospice. Ms. Barczykowski commented on the December Light Up a Life event, which is a fundraiser used to bring comfort and encouragement to bereaved people during busy holiday season. The fundraising event, with Council Member Bash as the emcee, will take place on Sunday, December 7, 2014 at 3:00 p.m. at the First Baptist Church adjacent to the hospital. Ms. Barczykowski invited the Council and the public to attend.

Ted Hoffman thanked the residents of Norco and Riverside for coming together for the defeat of Measure L. Mr. Hoffman urged the Council and residents to continue reaching out to neighboring cities for common goals. Mr. Hoffman commented on a recent dump day with Waste Management and suggested placing bins at various locations throughout the City, as opposed to residents having to go to the landfill. Mr. Hoffman also suggested offering larger facilities, such as Nellie Weaver Hall, at no cost, for the candidate forums for next year's election season.

Dale Borgen owns property on Hamner Avenue and commented on drainage issues from neighboring businesses causing water to come on to his property. The collection of water, as a result of the drainage problem, caused a motorcyclist to go down on his driveway. Mr. Borgen requested assistance.

Mike Thompson noted the time in which public comments were being heard – 9:30 p.m. Mr. Thompson suggested moving the public comments item to the beginning of the agenda.

Pat Overstreet commented on the Parade of Lights and Winter Festival in December. Ms. Overstreet that she has applications for those interested in participating.

Geoff Kahan expressed how proud he is of the City's Veteran's Memorial. Mr. Kahan noted that the dedication of the George A. Ingalls Veteran's Memorial will be on Tuesday, November 11, 2014 at 10:00 a.m. He thanked the veterans on the committee and staff for their diligence and hard work in getting the memorial built in five months.

8. CITY COUNCIL / CITY MANAGER / STAFF COMMUNICATIONS

Council Member Bash requested to meet with City Manager Okoro regarding Mr. Dale Borgen's water issue.

Council Member Bash asked for consensus from the Council to send a letter from the City Council thanking those who helped educate the public regarding Riverside's Measure L. City Manager Okoro stated that he would work with the Council in preparing the letter. Council Member Bash also requested reaching out to Steve Adams and the equestrian groups of La Sierra to discuss the possibility of a sister city-type partnership.

Council Member Newton recognized Council Member Bash for his work with the Wheelchair Basketball event.

Council Member Newton stated that during the Corona Avenue item discussion, it was brought up about a "No Outlet" sign for Valley View Avenue. Council Member Newton asked Director of Public Works Lori Askew to look into signage.

Council Member Newton indicated that with the defeat of Measure L, he asked when the traffic issues on California Avenue and North Drive, that he requested to have agendized, would be brought back for discussion. City Manager Okoro stated that the issue is on staff's action items list and will be brought before the City Council for discussion at a subsequent meeting.

Council Member Newton requested an update on the arundo removal in the Santa Ana River. In response, Director of Parks and Recreation Brian Petree indicated that it appears that the Army Corps of Engineers is planning another community meeting. Mr. Petree stated that he will update the Council in the Weekly Highlights report.

Council Member Newton asked if there are written policies for Council Members regarding ethics violations. In response, City Manager Okoro indicated that the City Council adopted a code of ethics. However, in 2013, a policy was brought to Council that would have prescribed the process and consequences, but the item was not adopted.

Council Member Azevedo asked for consensus from the Council to send a letter from the City Council thanking Norco High School Coach Chastain for the football helmet he gave to the City.

Mayor Hanna asked Lt. Briddick for an update on the traffic enforcement plan. In response, Lt. Briddick indicated that traffic enforcement began November 3, 2014. Since the kickoff, 22 hours have been deployed and in that time 37 citations have been issued. Lt. Briddick also commented on enforcement of the recently adopted noise ordinance, which yielded six violators over the Halloween weekend.

ADJOURNMENT: Mayor Hanna adjourned the meeting at 10:20 p.m.

CHERYL L. LINK, CITY CLERK



**RECAP OF ACTIONS TAKEN
CITY OF NORCO
PLANNING COMMISSION**



**CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE
ADJOURNED REGULAR MEETING
NOVEMBER 12, 2014**

CALL TO ORDER: 7:00 p.m.

ROLL CALL: Chair Leonard, Vice Chair Hoffman, Commission Members Rigler and Hedges; Commission Member Jaffarian absent

STAFF PRESENT: Planning Director King, Senior Planner Robles, Deputy City Clerk Germain

PLEDGE OF ALLEGIANCE: Vice Chair Hoffman

1. **APPEAL NOTICE: Read by Planning Director King**
2. **PUBLIC COMMENTS: None**
3. **APPROVAL OF MINUTES:**
 - ❖ Minutes of Regular Meeting of October 29, 2014
Recommended Action: Approval (Deputy City Clerk)
Action: Approved 4-0-1
4. **PUBLIC HEARINGS:**
 - A. **Conditional Use Permit 2014-25 (Brown):** A request for approval to allow a temporary mobile home for the elderly at 3760 Alhambra Street located within the A-E (Agricultural Estate) Zone. Recommended Action: Approval (Senior Planner) **Action: Approved 3-0-1 (Rigler Abstained); this action is final unless appealed to the City Council**
 - B. **Conditional Use Permit 2014-27 (Hielscher):** A request for approval to allow a detached accessory building consisting of a 1,857 square-foot barn at 350 Caliente Drive located within the A-1-20 (Agricultural Low Density) Zone. Recommended Action: Approval (Senior Planner) **Action: Approved 4-0-1; this action is final unless appealed to the City Council**
 - C. **Code Change 2014-09 (City of Norco):** A City-initiated request for recommendation of approval on a proposed Code Change to amend the City's grading permit process. Recommended Action: Adoption (Planning Director) **Action: Continued 4-0-1 to the meeting of December 10, 2014**

Planning Commission Recap of Actions Taken

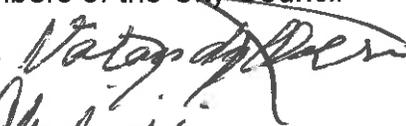
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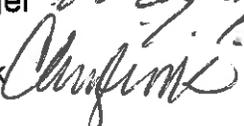
November 12, 2014

- D. **Code Change 2014-10** (City of Norco): A City-initiated request to establish the maximum amount of concrete or other impervious surface material that can be installed before having to obtain a building permit. Recommended Action: Adoption (Planning Director) **Action: Recommend approval 3-1-1(Leonard); this item will be scheduled for a public hearing before the City Council on December 3, 2014.**
5. BUSINESS ITEMS:
- A. **Site Plan 2014-13** (Zahn): A request for approval to allow a 761 square-foot addition to an existing detached barn at 2060 Roan Court located within the A-1-20 (Agricultural Low-Density) Zone. Recommended Action: Approval (Senior Planner) **Action: Approved 4-0-1; this action is final unless appealed to the City Council**
- B. **Site Plan 2014-24** (Farrel): A request for approval to allow a detached accessory building consisting of a 400 square-foot garage at 4651 Temescal Avenue located within the A-1-20 (Agricultural Low-Density) Zone. Recommended Action: Approval (Senior Planner) **Action: Approved 4-0-1; this action is final unless appealed to the City Council**
- C. **Sign Permit 2014-23** (Inland Signs Inc.): A request for approval of a modification to an existing sign program to allow the installation of an eight-foot tall monument sign at 1540 Hamner Avenue located within the Commercial district of the Gateway Specific Plan. Recommended Action: Approval (Senior Planner) **Action: Approved 4-0-1; this action is final unless appealed to the City Council**
6. CITY COUNCIL MINUTES: **Received and Filed**
- City Council Special Meeting of October 8, 2014
 - Regular Meeting of October 15, 2014
 - Special Joint Meeting Minutes of October 22, 2014
9. PLANNING COMMISSION:
- A. Oral Reports from Various Committees:
- **Commission Member Hedges reported on the progress of the Infrastructure Funding Ad-Hoc Committee, and Commission Member Hoffman commended staff for their work on the Veteran's Memorial.**
- B. Request for Items on Future Agenda (within the purview of the Commission):
- **Commission Member Rigler requested that a maximum size for an accessory building be discussed in a future meeting.**
Note: This is going to be included in discussions when the Planning Commission re-considers lot coverage allowances in determining approvals for accessory structures.
10. ADJOURNMENT: **8:35 p.m.**

**CITY OF NORCO
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Cheryl L. Link, City Clerk 

DATE: November 19, 2014

SUBJECT: Proposed Cancellation of the January 7, 2015 City Council Regular Meeting

RECOMMENDATION: Cancel the January 7, 2015 City Council regular meeting.

The City Council is being recommended to cancel its regular meeting scheduled for Wednesday, January 7, 2015 due to the New Year's Day holiday and limited time to prepare the agenda and related staff reports.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Olivia Hoyt, Accounting Manager 

DATE: November 19, 2014

SUBJECT: Approval of Award of Contract for Annual Independent Audit Services to White Nelson Diehl Evans, LLP

RECOMMENDATION: Staff recommends that the City Council approve award of contract for annual independent audit services to White Nelson Diehl Evans, LLP.

SUMMARY: Based on the review of proposals received in response to the City's Request for Proposals (RFP), staff is recommending that the City Council award a contract for the annual independent audit of the City and the Successor Agency for the fiscal year ending June 30, 2015 with the option of auditing City and Successor Agency financial statements for each of the five (5) subsequent fiscal years.

BACKGROUND/ANALYSIS: In September, staff developed a Request for Proposals (RFP) for annual independent audit of the City and the Successor Agency. Ten (10) accounting firms identified as potential proposers were mailed an RFP on August 27, 2014. A total of four (4) firms expressed interest by submitting proposals. All four proposals were received on or before the deadline of October 8, 2014. The proposals were evaluated by an Evaluation Committee consisting of the City Manager, Accounting Manager and the Finance Officer of the City of La Verne.

The evaluation criteria consisted of the following:

1. The firm's past experience and performance on comparable government engagements weighted at 25%;
2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation weighted at 25%;
3. Adequacy of proposed staffing plan for various segments of the engagement weighted at 20%;
4. Adequacy of sampling techniques weighted at 10%;

5. Adequacy of analytical procedures weighted at 10%; and
6. Cost weighted at 10%

The Evaluation Committee scored the proposals with an average combined score for each proposer as follows:

- White Nelson Diehl Evans, LLP – 91%
- Rogers, Anderson, Malody & Scott, LLP – 90%
- Lance, Soll & Lunghard, LLP – 85%
- Vavrinek, Trine, Day & Co., LLP – 83%

While all the proposals received were of high quality, White Nelson Diehl Evans, LLP (WNDE) finished with the highest overall average score, finishing first on technical and fourth on cost criteria. Based on these scores, staff is recommending that the contract for independent annual audit of the City and Successor Agency, including ancillary services, be awarded to White Nelson Diehl Evans, LLP for a period of six years.

The scope of services to be performed under the contract is summarized as follows:

1. Audit of the basic financial statements of the City and the Successor Agency in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in the Government Auditing Standards.
2. Assistance with the preparation of City Comprehensive Annual Financial Report (CAFR) that includes the Successor Agency.
3. Compliance with the requirements of the Single Audit Act of 1996 and the United States Office of Management and Budget (OMB) Circular A-133
4. Perform “agreed upon” procedures required by Proposition 111 relative to the City’s Appropriations Limit.
5. Assistance with preparation of State Controller’s Reports.

Rogers, Anderson Malody & Scott (RAMS) have been the City’s auditors for the last thirteen (13) years and they performed well. The Government Finance Officers Association of the United States and Canada has identified auditor rotation as best practice recommendation due to the new auditors’ ability to review processes and procedures with a new perspective.

WNDE is one of California’s premiere regional accounting firms with significant governmental accounting and auditing practice. The City of Norco will be served by their Irvine office. The firm devotes over twenty thousand hours per year to the governmental sector and serves over 100 governmental units including cities, successor agencies, special districts, nonprofit corporations and joint power authorities. All key

Award of Contract – Audit Services

Page 3

November 19, 2014

professional staff to be assigned to the City and Successor Agency audits are certified public accountants licensed to practice in the State of California.

FINANCIAL IMPACT: The proposed cost of the audit for the fiscal year ending June 30, 2015 and 2016 is \$49,870. Subsequent fiscal years' cost will increase by 3 percent each year. The cost will be included in the operating budget each year.

Attachments: Request for Proposal (RFP)
Agreement for Auditing Services

ATTACHMENT 1

CITY OF NORCO

REQUEST FOR PROPOSALS

FOR

PROFESSIONAL AUDITING SERVICES

September 4, 2014

2870 CLARK AVENUE
NORCO, CA 92860

CITY OF NORCO
REQUEST FOR PROPOSALS

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CITY OF NORCO
REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The City of Norco, California (City) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending June 30, 2015 with the option of auditing its financial statements for each of the five (5) subsequent fiscal years.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

To be considered, **four (4) copies of a proposal must be received by City Clerk at 2870 Clark Avenue, Norco, CA 92860 by 5:00 on or before October 8, 2014.** The City reserves the right to reject any or all proposals submitted.

The City of Norco reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

It is anticipated the selection of a firm will be completed by October 23, 2014. Following the notification of the selected firm it is expected a contract will be executed between both parties by October 30, 2014.

B. Term of Engagement

A six-year contract is contemplated, subject to the approval of the City Council, the satisfactory negotiation of terms (including a price acceptable to both the City and the selected firm) and the annual availability of an appropriation.

C. Subcontracting

Firms submitting proposals are encouraged to consider subcontracting portions of the audit to firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the City.

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The City desires the auditor to express an opinion on the fair presentation of its basic financial statements and the combining and individual fund financial statements and schedules in conformity with generally accepted accounting principles (GAAP). The auditor is not required to audit the supporting schedules contained in the comprehensive annual financial report. However, the auditor is to provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the basic financial statements and the combining and individual fund financial statements and schedules. The auditor is not required to audit the introductory section of the report or the statistical section of the report.

The auditor is not required to audit the schedule of expenditures of federal awards. However, the auditor is to provide an "in-relation-to" report on that schedule based on the auditing procedures applied during the audit of the financial statements.

The auditor will be required to perform agreed upon procedures applied to the City's appropriations limit prescribed by Article XIII B of the California Constitution as well the following:

1. Assistance with the preparation of City Comprehensive Annual Financial Report (CAFR) and Successor Agency's basic financial statements. (SCOPE)
2. Assistance with preparation of State controller's Report.
3. All reports required for compliance with the provisions of *OMB Circular A-133* and the *Single Audit Act Amendments of 1996*.

B. Auditing Standards to be Followed:

These audits are to be performed in accordance with generally accepted government auditing standards (GAAS), the standards for financial audits set forth in the U.S. General Accounting Office's *Government Auditing Standards* (1994), the provisions of the Federal Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations or latest versions thereof. The financial statements are prepared in accordance with the latest Governmental Accounting Standard Board (GASB) pronouncements, as required.

C. Reports to be Issued:

Upon completion of the audit for each fiscal year, the auditor shall issue the following reports:

1. An audit opinion on the fair presentation of the City's financial statements (CAFR) in conformity with generally accepted accounting principles, including an opinion on the fair presentation of the supplementary schedule of expenditures of federal awards in relation to the audited financial statements.
2. A report on compliance and internal control over financial reporting based on an audit of the financial statements.

In the required report[s] on compliance and internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report. Nonreportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the report[s] on compliance and internal controls.

The report shall include all material instances of noncompliance. All nonmaterial instances of noncompliance shall be reported in a separate management letter, which shall be referred to in the report on compliance and internal controls.

3. A report of Agreed-Upon Procedures relative to the City's calculation of its Appropriation Limit in accordance with the *Article XIII B Appropriations Limit Uniform Guidelines* and as mandated by the California Constitution.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties:

- Director of Fiscal and Support Services (except for acts involving or pertaining to the director)
- City Manager (except for acts involving or pertaining to the manager)
- City Council

Reporting to the City Council. Auditors shall assure themselves that the City of Norco's City Council is informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards significant accounting policies
2. Management judgments and accounting estimates
3. Significant audit adjustments
4. Other information in documents containing audited financial statements
5. Disagreements with management
6. Management consultation with other accountants
7. Major issues discussed with management prior to retention
8. Difficulties encountered in performing the audit

D. Special Considerations

The City will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in their Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will be required to provide special assistance to the City of Norco to meet the requirements and time deadline of this program.

The City routinely prepares one or more official statements in connection with the sale of debt securities which may contain the basic financial statements and the auditor's report thereon. The auditor shall be required at no additional cost, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any necessary "comfort letters."

The City of Norco has determined that the United States Department of Transportation (DOT) shall function as the cognizant agency in accordance with the provisions of the Single Audit Act of 1984 (as amended in 1996) and U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. This determination is subject to change.

The Schedule of Expenditures of Federal Awards and related auditor's report, as well as the reports on compliance and internal controls are not to be included in the comprehensive annual financial report, but are to be issued separately.

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the City of the

need to extend the retention period. The auditor will be required to make working papers available, upon request, to parties designated by the City. In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

F. Additional Consulting Hours

It is expected that the selected firm will keep the City informed of new state and national developments affecting municipal finance and reporting, standards and trends including changes in federal/state grant program accounting and reporting requirements. This shall include at least one formal updating session per year with financial/accounting staff.

The scope of the audit must also include consulting time on subjects that could affect financial reports such as reviewing official statements for bond sales or answering payroll taxation issues, (this is in addition to consultations on matters directly relating to the audit and reports).

III. DESCRIPTION OF THE GOVERNMENT

- A. The auditor's principal contact with the City will be Olivia Hoyt, Accounting Manager, or a designated representative, who will coordinate the assistance to be provided by the City. Her contact information is:

Olivia Hoyt, Accounting Manager
City of Norco
2870 Clark Avenue
Norco, CA. 92860
Email: ohoyt@ci.norco.ca.us
Phone: (951) 270-5652

- B. Background Information

The City of Norco, California was incorporated as a general law City on December 28, 1964, and is located in southwestern Riverside County (part of the Inland Empire), approximately 45 miles east of Los Angeles. The Inland Empire is one of the top growth areas in the state and in the country. The City limits cover an area of approximately 15 square miles, with a permanent population of approximately 25,500. Norco is an animal-keeping equestrian-oriented community, known as Horsetown USA. Residents enjoy over 400 acres of parkland and 120 miles of horse trails. Almost all residential property is zoned for animal keeping and lot size must be a minimum of one-half acre in size.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in the City council consisting of five members elected at large. The City council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees or commissions and hiring both the city manager and attorney. The city manager is responsible for carrying out the policies and ordinances of the City council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis and each member serves a term of four years. The City council selects by a majority vote a mayor who serves a one-year term.

The City provides a full range of services, including police and fire protection; construction and maintenance of streets, trails and other infrastructure; recreational activities and cultural events; sanitation and water services; street lighting; planning and zoning; and general administrative services. Police protection is provided through a contract between the City and Riverside County Sheriff's Department. Fire services are provided through a contract between the City and Cal Fire. Economic development activities are provided through a contract with a consultant.

The City's annual operating budget serves as the foundation for financial planning and control. Each City department is required to submit requests for annual appropriation to the city manager that are used as the starting point for developing a proposed budget. The city manager presents a proposed budget to Council for review through a staff and council budget workshop. At the completion of the budget workshop, the city council is required to have a minimum of one public hearing to further review the proposed budget. At the conclusion of the public hearing(s), the budget is required to be adopted by a majority vote of the city council no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Within each department, the budget is further detailed by expenditure type (e.g., salaries and benefits). Department heads can make transfers of appropriations within a department and fund. Transfer of appropriations between departments requires the approval of the City manager and transfers of appropriation between Funds require council authority. As part of the budgetary control process, quarterly budget-to-actual reports are presented to the City Council every quarter beginning with the end of the second quarter of the fiscal year.

More detailed information on the government and its finances can be found by viewing the City's FY 2015 budget and the 2013 CAFR in the City's website at <http://www.ci.norco.ca.us> under the Fiscal & Support Services Department. Any other document can be obtained by contacting Julie Houser at (951) 270-5651.

C. Fund Structure

The City of Norco uses the following fund types and account groups in its financial reporting:

Fund Type	No. of Individual Funds	Legally Adopted Annual Budgets
General fund	1	1
Special revenue funds	14	7
Private trust funds	2	0
Capital project funds	13	11
Enterprise funds	5	5
Internal service funds	3	-
Agency funds	8	2

D. Budgetary Basis of Accounting

The City of Norco prepares its budgets on a basis consistent with generally accepted accounting principles.

E. Federal and State Awards

The City’s receipt of federal and state awards varies each year.

F. Pension Plans

The City of Norco participates in the following pension plans:

Plan	Multiple-Employer		Single-Employer	
	Cost-Sharing	Agent	Defined Benefit	Defined Contrib.
CalPERS	X			

Actuarial services for these plans are currently being provided to the City by CalPERS.

G. Component Units

The City of Norco does not have any component units.

H. Joint Ventures

The City of Norco does not participate in joint ventures with other governments.

I. Magnitude of Finance Operations

The Finance Department is currently recruiting for the position of Finance Director. Until this recruitment is completed, the Accounting Manager is in-charge of the

department's day to day operations under the direction of the City Manager. The department consists of 11 employees. The principal functions performed are:

Accounting and Financial Reporting consisting:

- General Ledger Maintenance and Reporting
- Accounts Payable
- Accounts Receivable
- Payroll
- Utility Billing
- Cashiering
- Business Licensing

Budget and Financial Planning

- Budget Preparation
- Financial Forecasting
- Budget Monitoring

Debt, Treasury and Special District Administration

- Cash and Investments Management
- Debt Issuance and Administration
- Administration of Assessment and Community Facilities Districts

J. Computer Systems

Hardware

Type of Equipment	No.	Make of Equipment	Networked
File Server	1	IBM-X3550	Yes
SQL Server	1	IBM-X3650	Yes
PC (Finance)	15	Intel	Yes

Software

Make	Vendor	Major Applications
New World	New World	G/L, Payroll, A/P, A/R, Utility Billing, Cashiering
Hdl Co	Hdl	Business Licenses
Windows		Microsoft Network Operating System
Microsoft		Windows 7, MS Office 2010 (Word, Excel, Power Point)

Data Bases

Type	Uses
SQL	DB provided by New World

K. Availability of Prior Audit Reports and Working Papers

The City will use its best efforts to make prior audit reports and supporting working papers available to successful proposers to aid their audit.

Any request to review prior audit working papers should be directed to Olivia Hoyt at the City.

IV. TIME REQUIREMENTS

A. Proposal Calendar

The following is a list of key dates up to and including the date the proposals are to be submitted:

Request for proposal issued	September 4
Due date for notification of interest	September 11
Due date for proposals	October 8

B. Notification and Contract Dates

Selected firm notified	October 23
Contract date	October 30

C. Date Audit May Commence

June 2 (Preliminary Work)

The City will have all records ready for audit and all management personnel available to meet with the firm's personnel as of September 8, 2015 for substantive field work.

D. Schedule for the subsequent Fiscal Year Audit

A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.

Each of the following should be completed by the auditor no later than the dates indicated.

- Interim Work
The auditor shall complete interim work by June 30.
- Detailed Audit Plan
The auditor shall provide the City by July 15 both a detailed audit plan and a

list of all schedules to be prepared by the City.

- 3. Fieldwork
The auditor shall complete all fieldwork by September 30.
- 4. Draft Reports
The auditor shall have drafts of the audit report(s) and recommendations to management for review by the Director of Fiscal and Support Services by October 15.

E. Entrance Conferences, Progress Reporting and Exit Conferences

A similar time schedule will be developed for audits of future fiscal years if the City exercises its option for additional audits.

At a minimum, the following conferences should be held by the dates indicated on the schedule:

	<u>Week of</u>
Entrance conference with Director of Fiscal and Support Services and staff	June 2

The purpose of this meeting will be to discuss prior audit problems and the interim work to be performed. This meeting will also be used to establish overall liaison for the audit and to make arrangements for work space and other needs of the auditor.

Progress conference with the Director of Fiscal and Support Services and staff will be held at least every two weeks while the auditors are on site performing audit work. An exit conference will also be held with the Director of Fiscal and Support Services and staff at the conclusion of field work to summarize the results of the field work and review significant findings.

F. Date Final Report is Due

The auditor shall assist the City to prepare draft financial statements, notes and all required supplementary schedules by October 15. The City will ultimately be responsible for the accuracy of information in the financial statements. The auditor shall provide all recommendations, revisions and suggestions for improvement to the Director of Fiscal and Support Services. Completed financial statements with audit reports and opinion shall be delivered to the Director of Fiscal and Support Services no later November 25.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

The finance department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations will be the responsibility of the City/auditor in the format provided by the auditor. Additional hours of clerical support will be made available to the auditor for the preparation of routine letters and memoranda.

B. Electronic Data Processing (EDP) Assistance

Finance and information technology personnel will also be available on an as needed basis to provide systems documentation and explanations. The auditor will be provided computer time and the use of the City’s computer hardware and software as needed for the audit.

C. Statements and Schedules to be Prepared by the City Staff

City staff will prepare the following statements and schedules for the auditor by the dates indicated:

<u>Statement or Schedule</u>	<u>Date</u>
Fixed Asset Addition/Deletions	8/27
Schedule of Debt	8/27
Transfers In and Out	8/27
General Liability & Workers Comp	8/27
A/P as of June 30	8/27
Compensated Absences	8/27
Revenue Schedules	8/27
Other Schedules as agreed	8/27

D. Work Area, Telephones, Photocopying and FAX Machines

The City will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to telephone lines, photocopying facilities and FAX machines.

E. Report Preparation

Report preparation, editing and printing shall be the responsibility of the auditor.

VI. PROPOSAL REQUIREMENTS

A. General Requirements

1. Submission of Notification of Interest

Firms interested in submitting a proposal must submit by September 11 their

"Notification of Interest" in writing to the City. Failure to do so will disqualify firms from submitting a proposal.

2. Inquiries

Inquiries concerning the request for proposals and the subject of the request for proposals must be made to:

Olivia Hoyt, Accounting Manager
2870 Clark Avenue, Norco, CA 92860
Phone: (951) 270-5652
Email: ohoyt@ci.norco.ca.us

CONTACT WITH PERSONNEL OF THE CITY OTHER THAN OLIVIA HOYT, ACCOUNTING MANAGER, REGARDING THIS REQUEST FOR PROPOSALS MAY BE GROUNDS FOR ELIMINATION FROM THE SELECTION PROCESS.

3. Submission of Proposals

The following material is required to be received by October 8 for a proposing firm to be considered:

a. A master copy (so marked) of a Technical Proposal and three (3) copies to include the following:

i. Title Page

Title page showing the request for proposals subject; the firm's name; the name, address and telephone number of the contact person; and the date of the proposal.

ii. Table of Contents

iii. Transmittal Letter

A signed letter of transmittal that briefly states the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement why on why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for 120 days.

iv. Detailed Proposal

The detailed proposal should follow the order set forth in Section VIB of this request for proposals.

v. Executed copies of Proposer Guarantees and Proposer Warranties, attached to this request for proposal (Appendix A and Appendix B)

- b. The proposer shall submit an original and three (3) copies of a dollar cost bid in a separate sealed envelope marked as follows:

SEALED DOLLAR COST BID
PROPOSAL
FOR
CITY OF NORCO
FOR
PROFESSIONAL AUDITING SERVICES
October 8, 2014

- c. Proposers should send the completed proposal consisting of the two separate envelopes to the following address:

City Clerk
City of Norco
2870 Clark Avenue
Norco, CA. 92860

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competence and capacity of the firms seeking to undertake an independent audit of the City in conformity with the requirements of this request for proposals. As such, the substance of proposals will carry more weight than form or manner of presentation. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposals requirements.

THERE SHOULD BE NO DOLLAR UNITS OR TOTAL COSTS INCLUDED IN THE TECHNICAL PROPOSAL DOCUMENT.

The Technical Proposal should address all the points outlined in the request for proposals (excluding any cost information which should only be included

in the sealed dollar cost bid). The Proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals.

While additional data may be presented, the following subjects, items Nos. 2 through 10, must be included. They represent the criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards/the U.S. General Accounting Office's *Government Auditing Standards* (1994).

The firm should also list and describe the firm's (or proposed subcontractors') professional relationships involving the City or any of its agencies for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the City written notice of any professional relationships entered into during the period of this agreement.

3. License to Practice in California

An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

The selected firm will be required to obtain a Norco business license.

4. Firm Qualifications and Experience

The proposer should state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the engagement work is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.

The firm shall also provide information on the results of any federal or state

desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in California. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

Provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm; are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the City. However, in either case, the City retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposal can only be changed with the express prior written permission of the City, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

6. Prior Engagements with Governmental Agencies

List separately all engagements within the last five years, ranked on the basis of total staff hours, type of engagement (i.e., audit, management advisory services, other). Indicate the scope of work, date, engagement partners, total hours, the location of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this request for proposal. In developing the work plan, reference should be made to such sources of information as City's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers will be required to provide the following information on their audit approach:

- a. Proposed segmentation of the engagement
- b. Level of staff and number of hours to be assigned to each proposed segment of the engagement

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

- c. Sample size and the extent to which statistical sampling is to be used in the engagement
- d. Extent of use of EDP software in the engagement
- e. Type and extent of analytical procedures to be used in the engagement
- f. Approach to be taken to gain and document an understanding of the City's internal control structure
- g. Approach to be taken in determining laws and regulations that will be subject to audit test work
- h. Approach to be taken in drawing audit samples for purposes of tests of compliance

8. Identification of Anticipated Potential Audit Problems

The proposal should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the City.

9. Report Format

The proposal should include sample formats for required reports.

NO DOLLARS SHOULD BE INCLUDED IN THE TECHNICAL PROPOSAL

C. Sealed Dollar Cost Bid

1. Total All-Inclusive Maximum Price

The sealed dollar cost bid should contain all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs including all out-of-pocket expenses.

The City will not be responsible for expenses incurred in preparing and submitting the technical proposal or the sealed dollar cost bid. Such costs should not be included in the proposal.

The first page of the sealed dollar cost bid should include the following information:

- a. Name of Firm
- b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- c. A Total All-Inclusive Maximum Price for the 2015 engagement.

2. Rates by Partner, Specialist, Supervisory and Staff Level Times Hours Anticipated for Each

The second page of the sealed dollar cost bid should include a schedule of professional fees and expenses, presented in the format provided in the attachment (Appendix B) that supports the total all-inclusive maximum price. The cost of special services described in Section II A of this request for proposal should be disclosed as separate components of the total all-inclusive maximum price.

3. Out-of-pocket Expenses Included in the Total All-inclusive Maximum Price and Reimbursement Rates

Out-of-pocket expenses for firm personnel (e.g., travel, lodging and subsistence) will be reimbursed at the rates used by the City for its employees. All estimated out-of-pocket expenses to be reimbursed should be presented on the second page of the sealed dollar cost bid in the format provided in the attachment (Appendix B). All expense reimbursements will

be charged against the total all-inclusive maximum price submitted by the firm.

In addition, a statement must be included in the sealed dollar cost bid stating the firm will accept reimbursement for travel, lodging and subsistence at the prevailing rates for City employees.

4. Rates for Additional Professional Services

If it should become necessary for the City of Norco to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the City and the firm. Any such additional work agreed to between the City and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the sealed dollar cost bid.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

VII. EVALUATION PROCEDURES

A. Selection Committee

Proposals submitted will be evaluated by a Selection Committee appointed by the Director of Fiscal and Support Services, consisting of the Director of Fiscal and Support Services, Accounting Manager and one representative from another public agency.

B. Review of Proposals

The Selection Committee will use a point formula during the review process to score proposals. Each member of the Selection Committee will first score each technical proposal by each of the criteria described in Section VII C below. The full Selection Committee will then convene to review and discuss these evaluations and to combine the individual scores to arrive at a composite technical score for each firm. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, the sealed

dollar cost bid will be opened and additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

The City reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

- a. The audit firm is independent and licensed to practice in California
- b. The firm has no conflict of interest with regard to any other work performed by the firm for the City
- c. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal
- d. The firm submits a copy of its last external quality control review report and the firm has a record of quality audit work.
- e. Firms not meeting the mandatory elements will be disqualified for further consideration.

2. Technical Quality

- a. Expertise and Experience (Maximum Points – 50)
 - (1) The firm's past experience and performance on comparable government engagements
 - (2) The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
- b. Audit Approach (Maximum Points – 40)
 - (1) Adequacy of proposed staffing plan for various segments of

the engagement

(2) Adequacy of sampling techniques

(3) Adequacy of analytical procedures

3. Price: (Maximum Points – 10)

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF
AN AUDIT FIRM

D. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The City will select a firm based upon the recommendation of the Selection Committee. However, the City Council of the city of Norco has the final authority to award any contract from the RFP selection process. It is anticipated that a firm will be selected by October 23. Following notification of the firm selected, it is expected a contract will be executed between both parties by October 30, 2014.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the City and the firm selected.

The City reserves the right without prejudice to reject any or all proposals.

APPENDICES

- A. Proposer Warranties
- B. Format for Schedule of Professional Fees and Expenses to Support the Total All-inclusive Maximum Price

APPENDIX A

PROPOSER WARRANTIES

- A. Proposer warrants that it is willing and able to comply with State of California laws with respect to foreign (non-state of California) corporations.
- B. Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.
- C. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the City of Norco.
- D. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official:

Name (typed):

Title:

Firm:

Date: _____

APPENDIX B

Page 1

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2015 FINANCIAL STATEMENTS

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Staff	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
Total for services Described in Section II A of the RFP (Detail on subsequent pages)				_____
Out-of-pocket expenses:				_____
Meals and lodging				_____
Transportation				_____
Other (Specify)				_____
Total all-inclusive maximum price for 2015 audit				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

APPENDIX B

Page 2

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES

FOR THE AUDIT OF THE 2015 FINANCIAL STATEMENTS:

COMBINING SCHEDULE - ALL SERVICES

DESCRIBED IN RFP SECTION II A

Nature of Service To Be Provided

Schedule

Total Price

EACH SERVICE DESCRIBED IN RFP SECTION II A SHOULD BE SUPPORTED BY AN INDIVIDUAL SCHEDULE IN THE FORMAT PROVIDED ON PAGE 3 OF THIS APPENDIX.

Appendix B
Page 3

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2015 FINANCIAL STATEMENTS:
SUPPORTING SCHEDULE FOR [NAME OF SERVICE]

	<u>Hours</u>	<u>Standard Hourly Rates</u>	<u>Quoted Hourly Rates</u>	<u>Total</u>
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisory staff	_____	_____	_____	_____
Other (Specify)	_____	_____	_____	_____
Subtotal	_____	_____	_____	_____
Out-of-pocket expenses				_____
Meals and lodging				_____
Transportation				_____
Other (Specify)				_____
 Total price for [NAME OF SERVICE]				_____

Note: The rate quoted should not be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

AGREEMENT FOR AUDITING SERVICES

THIS AGREEMENT is made and entered into this 30th day of October, 2014 by and between the CITY OF NORCO, a municipal corporation, hereinafter referred to as "CITY" and White Nelson Diehl Evans, LLP, certified public accountants, hereinafter referred to as "AUDITOR."

WITNESSETH:

WHEREAS, on September 4, 2014, CITY invited bids for an independent audit of its financial statements and various other services; and

WHEREAS, pursuant to said invitation, AUDITOR submitted a bid which was accepted by CITY for said professional service; and

WHEREAS, AUDITOR is recognized as a competent and qualified certified public accountant, duly authorized to practice and licensed as such by the California State Board of Accountancy.

NOW THEREFORE, for and in consideration of the mutual promises, obligations, and covenants contained herein, the parties herein agree as follows:

1. TERM. The term of this Agreement shall be for the fiscal year ending June 30, 2015, with the option for five subsequent years.

2. CITY'S OBLIGATIONS. For and in consideration of AUDITOR furnishing services specified in this Agreement, CITY shall pay and AUDITOR shall receive in full compensation a total sum not to exceed \$49,870 for the fiscal years ending June 30, 2015 and 2016; subsequent years reflect an increase of three (3) percent each year.

Payments to AUDITOR shall be made within thirty (30) days after receipt by CITY of invoices from AUDITOR, which shall be rendered not more often than monthly. Special examinations, surveys, or detailed reports of any nature outside the scope of this Agreement shall be billed separately by AUDITOR and must be specifically authorized in writing by CITY in advance of such additional services proposed to be provided.

3. AUDITOR'S OBLIGATIONS. For and in consideration of payments and agreements hereinafter mentioned to be made and performed by CITY, AUDITOR agrees with CITY to furnish those services as set forth in Attachment 1, Request for Proposal for Auditing Services, attached hereto and incorporated herein by reference, and to perform as required by this Agreement and the said specifications.

4. INSURANCE. AUDITOR shall procure and maintain for the entire term of this Agreement, valid insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by AUDITOR, or AUDITOR'S agents, representatives, employees, or subcontractors. AUDITOR shall further maintain professional liability insurance in the amount of one-million dollars (\$1,000,000.00) to protect CITY for AUDITOR'S negligent acts, errors, and/or omissions of a professional nature.

5. HOLD HARMLESS AND INDEMNIFICATION. AUDITOR, agrees to indemnify, defend, and hold harmless CITY, its officials, officers, employees, representatives, and agents from and against all claims, lawsuits, liabilities, or damages of whatever nature including without limitation all consequential damages arising out of or in connection with, or relating in any manner to work performed by AUDITOR, his agents, employees and subcontractors, and employees thereof pursuant to this Agreement. AUDITOR shall investigate and indemnify CITY and do whatever is necessary to protect CITY, its officials, officers, employees, agents, and representatives as to any such claims, lawsuits, liabilities, or damages.

6. AMENDMENTS. Any amendment, modification, or variation from the terms of this Agreement shall be in writing and shall be effective only upon written approval by the CITY'S Director of Financial Management.

7. TERMINATION. If, at any time during the term of this Agreement, CITY determines that AUDITOR is not faithfully abiding by any term or condition contained herein, CITY may notify AUDITOR in writing of such defect or failure to perform; which notice must give AUDITOR a ten (10)-day notice of time thereafter in which to perform said work or cure the deficiency. If AUDITOR has not performed the work or cured the deficiency within the ten (10) days specified in the notice, such shall constitute a breach of this Agreement and CITY may terminate this Agreement immediately by written notice to the AUDITOR to said effect. Thereafter, neither party shall have any further duties, obligations, responsibilities or rights under this Agreement except, however, any and all obligations of AUDITOR'S surety shall remain in full force and effect, and shall not be extinguished, reduced, or in any manner waived by the termination hereof. In said event, AUDITOR shall be entitled to the reasonable value of its services performed from the beginning of the period in which the breach occurs up to the day it received CITY'S Notice of Termination, less any offset from such payment representing the CITY'S damages from such breach. CITY reserves the right to delay any such payment until completion or confirmed abandonment of the project, as may be determined in the CITY'S sole discretion, so as to permit a full and complete accounting of costs. In no event, however, shall AUDITOR be entitled to receive in excess of the compensation quoted in its bid.

8. INCORPORATION BY REFERENCE. The Request for Proposal for Auditing Services, Attachment 1 hereto, and the proposal submitted by Auditor dated October 8, 2014 Attachment 2 hereto, are hereby incorporated by reference and made a part of this Agreement.

9. COMPLETE AGREEMENT. This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the final, complete, and exclusive agreement between the parties hereto. No oral agreement, understanding, or representation not reduced to writing and specifically incorporated herein or executed as an amendment hereto, shall be of any force or effect, nor shall any such oral agreement, understanding, or representation be binding upon the parties hereto.

10. CONTRACT ASSIGNMENT. AUDITOR shall not assign, transfer, convey, or otherwise dispose of this Agreement, or its right, title, or interest, or its power to execute such an Agreement to any individual or business entity of any kind without the prior written consent of CITY.

11. INDEPENDENT CONTRACTOR.

- a. AUDITOR is, and at all times hereafter shall be, an independent contractor of CITY during the entire term of this Agreement. AUDITOR specifically recognizes and acknowledges said status as an independent contractor and not as an employee of CITY. All personnel of AUDITOR shall be employees of AUDITOR and not employees of CITY. AUDITOR shall pay all salaries and wages, employer's social security taxes, unemployment insurance and similar taxes relating to employees and shall be responsible for all withholding taxes.
- b. AUDITOR shall comply with all Federal and State statutes and regulations relating to the employer/employee relationship including, but not limited to, minimum wage, non-discrimination, equal opportunity, workers compensation, hazardous/unsanitary or dangerous surroundings, the Fair Labor Standards Act 29 USCA Section 201 et seq., and the Immigration Reform and Control Act of 1986 * USCA Section 245(a) et seq.

12. ANTI-DISCRIMINATION. In the performance of the terms of this Agreement, AUDITOR agrees that it will not engage in discrimination in employment of persons because of the age, race, color, sex, national origin or ancestry, or religion of such persons. Violation of this provision may result in the imposition of penalties referred to in Labor Code Section 1735.

13. NOTICE. All written notices to the parties hereto shall be sent by United States mail, postage prepaid by registered or certified mail addressed as follows:

CITY:
City of Norco
Attn: Director of Fiscal & Support Services
2870 Clark Avenue
Norco, CA 92860

AUDITOR:
White Nelson Diehl Evans, LLP
Attn: Robert Callanan, CPA
2875 Michelle Drive, Suite 300
Irvine, CA 92606-5165

All notices sent pursuant to this Agreement shall be deemed received (1) immediately if served by personal delivery, and (2) on the fifth day after deposited in the custody of the U.S. Postal Service if served by mail.

14. ATTORNEYS FEES. In the event an action is commenced by either party to enforce any rights under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and court costs, in addition to any other relief granted by the Court.

15. CONFLICT OF INTEREST.

a. All information gained by AUDITOR in performance of this Agreement shall be considered confidential and shall not be released by AUDITOR without CITY'S prior written authorization excepting that information which is a public record and subject to disclosure pursuant to the Public Records Act, government Code Section 6250 et seq. AUDITOR, its officers, employees, agents, or subcontractors, shall not voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the project or cooperate in any way with a party who may be adverse to CITY or whom AUDITOR reasonably should know may be adverse in any subsequent litigation. AUDITOR shall incur no liability under this Agreement for materials submitted by it which are later released by CITY, its officers, employees, or agents. AUDITOR shall also incur no liability for statements made by it at any public meeting, or for any document released by it for which prior written CITY authorization was obtained.

If AUDITOR or any of its officers, employees, consultants, or subcontractors does voluntarily provide information in violation of this Agreement, CITY has the right to reimbursement and indemnity from AUDITOR for any damages caused by AUDITOR'S conduct-including attorney's fees.

AUDITOR shall promptly notify CITY should AUDITOR, its officers, employees, agents or subcontractors be served with any Summons, Complaint, Subpoena, Notice of Deposition, Request for Documents, Interrogatories, Request for Admissions or other discovery requests from any party regarding this agreement and the work performed thereunder. CITY retains the right, but not the obligation, to represent AUDITOR and/or to be present at any deposition, hearing, or similar proceeding. AUDITOR agrees to cooperate fully with CITY and to provide CITY with the opportunity to review any response to discovery requests provided by AUDITOR. However, CITY'S right to review any such response does not imply or mean the right by CITY to control, direct, or rewrite said response.

CITY warrants that AUDITOR will have fully met the requirements of this provision by obtaining CITY'S written approval prior to providing documents, testimony, or declarations; Consulting with CITY before responding to a Subpoena or court order; in the case of depositions upon providing Notice to CITY of same; or providing CITY opportunity to review discovery responses prior submission. For purposes of this section, a written authorization from CITY shall include a "faxed" letter.

b. AUDITOR covenants that neither they nor any officer or principal of their firm have any interests, nor shall they acquire any interest, directly or indirectly which will conflict in any manner or degree with the performance of their services hereunder. AUDITOR further covenants that in the performance of this Agreement, no person having such interest shall be employed by them as an officer, employee, agent, or subcontractor. AUDITOR further covenants that AUDITOR has not contracted with nor is performing any services directly or indirectly, with the developer(s) and/or property owner(s) and/or firm(s) and/or partnerships owning property in the CITY or the study area and further covenants and agrees that AUDITOR and/or its subcontractors shall provide no service or enter into any contract with a any developer(s) and/or property owner(s) and/or firm(s), and/or partnership(s) owning property in the CITY and/or study area prior to completion of this Agreement.

16. AUTHORITY TO EXECUTE AGREEMENT. Both CITY and AUDITOR hereby represent and covenant that each individual executing this Agreement on behalf of each party is a person duly authorized and empowered to execute agreements for such party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

CITY OF NORCO:

AUDITOR:

By: _____
Andy Okoro, City Manager

By: _____

ATTEST:

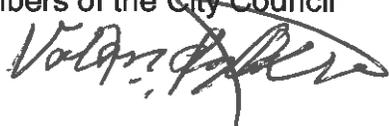
Cheryl L. Link, City Clerk

APPROVED AS TO FORM:

John Harper, City Attorney

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Brian K. Petree, Director
Parks, Recreation and Community Services Director

DATE: November 19, 2014

SUBJECT: Approval of Supplemental Agreement for the 2014-2015
Community Development Block Grant Program Year

RECOMMENDATION: Staff recommends approval of Supplemental Agreement for
the 2014-2015 Community Development Block Grant
Program year

SUMMARY: To receive Community Development Block Grant (CDBG) funds as a cooperating City in the County of Riverside, the City is required to approve a Supplemental Agreement to administer the approved programs and projects for Fiscal Year 2014 to 2015.

BACKGROUND/ANALYSIS: On October 16, 2013, the City Council approved specific programs and a public project as part of the City's 2014-2015 CDBG Program allocation, which was *estimated* by the Riverside County Economic Development Agency (EDA) to be \$130,000.

The *final* requested amount approved by the Federal Housing and Urban Development Agency to the County of Riverside Economic Development Agency for the City of Norco is \$86,207. Notice was received on June 2, 2014 from the Riverside County Board of Supervisors that the City's proposed CDBG projects for the 2014-2015 Program Year were approved. The attached County of Riverside Supplemental Agreements were received from the County on October 20, 2014 and confirm funding is approved for the following projects:

	<u>REQUESTED</u>	<u>APPROVED</u>
Norco Sr. Center Recreation Aide	\$10,000	\$6,035
Norco Party Partners	\$10,000	\$6,034
Ingalls Park ADA Restroom	<u>\$110,000</u>	<u>\$74,138</u>
Total requested/approved for funding:	\$130,000	\$86,207

Once the Supplemental Agreement is fully executed, the County will forward it to the City along with the authorization to incur costs. Once completed, funds for program that are already in progress will be released, and pending invoices for service can be submitted for payment and brought current.

FINANCIAL IMPACT: The General Fund approved budget includes funds to supplement the Party Partners portion of the CDBG.

The U.S. Department of Housing and Urban Development will fund these programs and projects through the Riverside County Economic Development Agency on a reimbursement basis.

Attachment: Supplemental Agreement

**SUPPLEMENTAL AGREEMENT FOR THE USE OF
2014-2015 COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS**

This Supplemental Agreement ("Agreement") is entered into this _____ day of _____, 2014, by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, herein called, "COUNTY," and the CITY OF NORCO, herein called "CITY." COUNTY and CITY are collectively referred to as "Parties" and individually as "Party."

The COUNTY and CITY mutually agree as follows:

1. GENERAL. COUNTY and CITY have executed a Cooperation Agreement, dated July 2011 ("Cooperation Agreement"), whereby CITY elected to participate with COUNTY, which has qualified as an "Urban County" for purposes of receiving Community Development Block Grant (CDBG) funds ("CDBG"), and to assist and undertake essential community development and housing assistance activities pursuant to the Housing and Community Development Act of 1974, Title 1, as amended, Public Law 93-383 hereinafter referred to as "Act." Said Cooperation Agreement, dated July 2011, is incorporated herein by reference and made a part of this Agreement as if each and every provision was set forth herein.

2. PURPOSE. CITY promises and agrees to undertake and assist with the community development activities, within its jurisdiction, by utilizing the sum of **\$86,207**, CDBG Entitlement Funds, as specifically identified in Exhibits A, B and C, attached hereto, and are incorporated herein by this reference, for the following projects (collectively, the "Projects"):

- A. **2.NR.32-14 Senior Recreation and Community Services, \$6,035.**
- B. **2.NR.33-14 Norco Party Partners for Developmentally Challenged \$6,034.**
- C. **2.NR.34-14 Ingalls Park ADA Restroom Project Phase III \$74,138.**

3. TERM OF AGREEMENT. The term of this Agreement for the implementation of the Projects shall be for a period of one (1) year from July 1, 2014 to

1 termination on June 30, 2015. City shall proceed consistent with the completion schedule set
2 forth in Exhibits A, B and C, attached hereto and incorporated herein. In the event the Projects
3 are not substantially completed by the time set forth in the applicable completion schedules due
4 to a force majeure event (See Section 24 below), the COUNTY may consider extending the
5 schedule for the completion of the project(s). Times of performance for other activities may also
6 be extended in writing by COUNTY. If substantial progress toward completion in conformance
7 with the completion schedule, as determined by COUNTY in its discretion, of the projects are
8 not made during the term of this Supplemental Agreement, COUNTY may suspend or terminate
9 this Supplemental Agreement pursuant to the termination procedures set forth in the section
10 titled "Termination," and the entitlement funds associated with the Projects may be
11 reprogrammed by the COUNTY after appropriate notice is provided to the City.

12 4. DISPOSITION OF FUNDS.

13 A. COUNTY's Board of Supervisors shall determine the final disposition and
14 distribution of all funds received by COUNTY under the Act consistent with Sections 2 and 3 of
15 this Supplemental Agreement. COUNTY, through its Economic Development Agency, shall
16 make payment of the CDBG funds to CITY as set forth in the attached Exhibits A, B and C. It is
17 the CITY's responsibility to monitor all project activities set forth in the attached Exhibits A, B
18 and C, and to ensure compliance with applicable federal regulations and the terms of this
19 Supplemental Agreement.

20 B. CITY shall comply with timely drawdown of CDBG Entitlement funding
21 by expeditiously implementing and completing the COUNTY-approved, CDBG-funded Projects.
22 CITY acknowledges that CITY's drawdown performance directly impacts the COUNTY's
23 overall program drawdown rate. If the CITY's unobligated CDBG fund balance, as of January
24 31, 2015, exceeds two-times (200%) the CITY's 2014-2015 CDBG allocation, the COUNTY
25 may, in its sole discretion, take the necessary administrative actions to reduce the CITY's CDBG
26 fund balance. Necessary actions include, but are not limited to, reprogramming the excess CDBG
27 fund balance to other eligible activities as selected by COUNTY. COUNTY may, in its sole and
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1 absolute discretion, authorize CITY in writing, prior to January 31, 2015, to exceed the CDBG
2 fund balance requirement.

3 C. CITY shall comply with timely drawdown of CDBG funds by submitting
4 monthly requests for reimbursement or other COUNTY approved reimbursement schedules. All
5 disbursements of CDBG funds will be on a reimbursement basis and made within thirty (30)
6 days after the COUNTY has received the CITY's reimbursement request including
7 documentation supporting expenditures.

8 D. All authorized obligations incurred in the performance of the
9 Supplemental Agreement for projects eligible under the following CDBG regulations must be
10 reported in writing to COUNTY no later than by June 15, 2015:

- 11 1. Public Services [24 CFR 570.201 (e)]
- 12 2. Acquisition [24 CFR 570.201 (a)]
- 13 3. Clearance Activities [24 CFR 570.201 (d)]
- 14 4. Interim Assistance [24 CFR 570.201 (f)]
- 15 5. Code Enforcement [24 CFR 570.202 (c)]

16 All other eligible activities under this Supplemental Agreement must be implemented,
17 completed, and obligations reported in writing to the COUNTY by the CITY no later than the
18 completion schedules set forth in the attached Exhibits to this Supplemental Agreement. "CFR"
19 as used herein refers to the Code of Federal Regulations.

20 5. COOPERATION WITH HOUSING ACTIVITIES. CITY shall cooperate with
21 COUNTY in undertaking essential community development and housing assistance activities,
22 specifically urban renewal and public assistance housing, and shall assist COUNTY in
23 implementing and undertaking the goals and strategies identified in the 2014-2019 Five Year
24 Consolidated Plan, pursuant to 24 CFR Part 91 and other requirements of the Community
25 Development Block Grant Program.

26 6. LEAD AGENCY FOR COMPLIANCE WITH THE CALIFORNIA
27 ENVIRONMENTAL QUALITY ACT (CEQA). Pursuant to Section 15051(d) of Title 14 of the
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1 California Administrative Code, the CITY is designated as the lead agency for the projects that
2 are the subject matter of this Supplemental Agreement.

3 7. HOLD HARMLESS AND INDEMNIFICATION. In contemplation of the
4 provisions of Section 895.2 of the California Government Code imposing certain tort liability
5 jointly upon public entities solely by reason of such entities being parties to an agreement as
6 defined by Section 895 of the Code, the Parties hereto, pursuant to the authorization contained in
7 Section 895.4 and 895.6 of the Code, agree that each Party shall be liable for any damages
8 including, but not limited to, claims, demands, losses, liabilities, costs and expenses including
9 reasonable attorneys' fees, resulting from the negligent or wrongful acts or omissions of their
10 employees or agents in the performance of this Agreement, and each Party shall indemnify,
11 defend and hold harmless the other Parties from such claims, demands, damages, losses or
12 liabilities for their negligence

13 8. INSURANCE. Without limiting or diminishing the CITY obligation to
14 indemnify or hold the COUNTY harmless, CITY shall procure and maintain or cause to be
15 maintained, at its sole cost and expense, the following insurance coverage's during the term of
16 this Agreement.

17 a. Workers' Compensation:

18 If the CITY has employees as defined by the State of California, the CITY shall
19 maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of
20 the State of California. Policy shall include Employers' Liability (Coverage B) including
21 Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy
22 shall be endorsed to waive subrogation in favor of the County of Riverside.

23 b. Commercial General Liability:

24 Commercial General Liability insurance coverage, including but not limited to,
25 premises liability, contractual liability, products and completed operations liability, personal and
26 advertising injury, and cross liability coverage, covering claims which may arise from or out of
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1 CITY'S performance of its obligations hereunder. Policy shall name the County of Riverside as
2 Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence
3 combined single limit. If such insurance contains a general aggregate limit, it shall apply
4 separately to this agreement or be no less than two (2) times the occurrence limit.

5 c. Vehicle Liability:

6 If vehicles or mobile equipment are used in the performance of the obligations
7 under this Agreement, then CITY shall maintain liability insurance for all owned, non-owned or
8 hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single
9 limit. If such insurance contains a general aggregate limit, it shall apply separately to this
10 agreement or be no less than two (2) times the occurrence limit. Policy shall name the County of
11 Riverside as Additional Insured.

12 d. General Insurance Provisions - All lines:

13 (i). Any insurance carrier providing insurance coverage hereunder
14 shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII
15 (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the
16 County's Risk Manager waives a requirement for a particular insurer such waiver is only valid
17 for that specific insurer and only for one policy term.

18 (ii). The CITY'S insurance carrier(s) must declare its insurance
19 self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such
20 retentions shall have the prior written consent of the County Risk Manager before the
21 commencement of operations under this Agreement. Upon notification of self-insured retention
22 unacceptable to the COUNTY, and at the election of the Country's Risk Manager, CITY'S
23 carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement
24 with the COUNTY, or 2) procure a bond which guarantees payment of losses and related
25 investigations, claims administration, and defense costs and expenses.

26 (iii). CITY shall cause CITY'S insurance carrier(s) to furnish the
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1 County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and
2 certified original copies of Endorsements effecting coverage as required herein, and 2) if
3 requested to do so orally or in writing by the County Risk Manager, provide original Certified
4 copies of policies including all Endorsements and all attachments thereto, showing such
5 insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall
6 contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given
7 to the County of Riverside prior to any material modification, cancellation, expiration or
8 reduction in coverage of such insurance. In the event of a material modification, cancellation,
9 expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County
10 of Riverside receives, prior to such effective date, another properly executed original Certificate
11 of Insurance and original copies of endorsements or certified original policies, including all
12 endorsements and attachments thereto evidencing coverage's set forth herein and the insurance
13 required herein is in full force and effect. *CITY shall not commence operations until the*
14 *COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of*
15 *endorsements and if requested, certified original policies of insurance including all*
16 *endorsements and any and all other attachments as required in this Section. An individual*
17 *authorized by the insurance carrier to do so on its behalf shall sign the original endorsements*
18 *for each policy and the Certificate of Insurance.*
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20 (iv). It is understood and agreed to by the parties hereto that the CITY'S
21 insurance shall be construed as primary insurance, and the COUNTY'S insurance and/or
22 deductibles and/or self-insured retention's or self-insured programs shall not be construed as
23 contributory.

24 (v). If, during the term of this Agreement or any extension thereof,
25 there is a material change in the scope of services; or, there is a material change in the equipment
26 to be used in the performance of the scope of or, the term of this Agreement, including any
27 extensions thereof, exceeds five (5) years, the COUNTY reserves the right to adjust the types of
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1 insurance required under this Agreement and the monetary limits of liability for the insurance
2 coverage's currently required herein, if; in the County Risk Manager's reasonable judgment, the
3 amount or type of insurance carried by the CITY has become inadequate.

4 (vi). CITY shall pass down the insurance obligations contained herein
5 to all tiers of subcontractors working under this Agreement.

6 (vii). The insurance requirements contained in this Agreement may be
7 met with a program(s) of self-insurance acceptable to the COUNTY.

8 (viii). CITY agrees to notify COUNTY of any claim by a third party or
9 any incident or event that may give rise to a claim arising from the performance of this
10 Agreement.

11 9. RECORDS AND INSPECTIONS.

12 A. CITY shall establish and maintain records in accordance with 24 CFR Part
13 570, Part 85, OMB Circular A-87, A-133 and 24 CFR 91.105, as applicable, and as they relate to
14 the acceptance and use of federal funds under this Agreement.

15 B. CITY shall obtain an external audit in accordance with the U.S.
16 Department of Housing and Urban Development single audit regulations (24 CFR Part 44.6).
17 Audits shall usually be performed annually but not less frequently than every two years.
18 Nonprofit institutions and government agencies that expend less than \$500,000 a year in Federal
19 awards are exempt from Federal audit requirements, but records must be available for review by
20 appropriate officials of the Federal grantor agency or subgranting entity. The audit report shall be
21 submitted to the COUNTY within 180 days after the end of the COUNTY'S fiscal year.

22 C. CITY shall maintain a separate account for the CITY'S CDBG Entitlement
23 funds received as set forth in Exhibits A, B and C, attached hereto.

24 D. CITY shall, during the normal business hours, make available to
25 COUNTY, the U.S. Department of Housing and Urban Development (HUD), or other authorized
26 representative, for the examination and copying, all of its records and other materials with
27 respect to matters covered by this Agreement.
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1 E. CITY shall not retain any program income as defined in Section 570.500
2 of Title 24 of the Code of Federal Regulations. Said program income shall be used only for the
3 activities that are the subject of this Agreement. Further, all provisions of this Agreement shall
4 apply to such activities.

5 F. The CITY shall ensure that at least fifty-one percent (51%) of the persons
6 benefiting from all CDBG-funded activities or projects designated as serving limited clientele
7 [570.208(a)(2)(i)] are of low and moderate-income and meet the applicable household income
8 guidelines. The CITY shall provide the required income certification and direct benefit
9 documentation, in writing, to the COUNTY pursuant to the reporting requirement of each
10 activity as set forth in Exhibits A, B and C, attached hereto. In the event that CITY engages the
11 services of a sub-contractor to implement CDBG-funded activities, the CITY must collect, in
12 writing, all required income certification and direct benefit documentation from subcontractors
13 prior to submittal to the COUNTY pursuant to the reporting requirement of each activity as set
14 forth in Exhibits A, B and C, attached hereto.

15 10. COMPLIANCE WITH LAWS. CITY shall comply with all applicable federal,
16 state, and local laws, regulations, and ordinances and any amendments thereto and the federal
17 regulations and guidelines now or hereafter enacted pursuant to the Act. More particularly, CITY
18 is to comply with those regulations found in Part 85 and Part 570 of Title 24 of the Code of
19 Federal Regulations. CITY is to comply with OMB Circular A-87, or any subsequent
20 replacement. CITY is to abide by the provisions of the Community Development Block Grant
21 Manual, prepared by COUNTY and cited in the above-mentioned Cooperation Agreement.
22 CITY shall comply, if applicable, with Section 3 of the Housing & Urban Development Act of
23 1968, as amended, attached hereto as Exhibit "S" and incorporated herein by this reference.
24 CITY shall also comply with the provisions of 24 CFR Part 570.200 (j), attached hereto as
25 Exhibit "R," and incorporated herein by this reference, pertaining to inherently religious
26 activities.

27 11. INDEPENDENT CONTRACTOR. The CITY is, for purposes relating to this
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1 Supplemental Agreement, an independent contractor and shall not be deemed an employee of the
2 COUNTY. It is expressly understood and agreed that the CITY (including its employees, agents
3 and subcontractor's) shall in no event be entitled to any benefits to which the COUNTY
4 employees are entitled, including but not limited to overtime, any retirement benefits, worker's
5 compensation benefits, and injury leave or other leave benefits. There shall be no employer-
6 employee relationship between the parties; and the CITY shall hold the COUNTY harmless from
7 any and all claims that may be made against the COUNTY based upon any contention by a third
8 party that an employer-employee relationship exists by reason of this Supplemental Agreement.
9 It is further understood and agreed by the parties that the CITY in the performance of this
10 Supplemental Agreement is subject to the control or direction of the COUNTY merely as to the
11 results to be accomplished and not as to the means and methods for accomplishing the results.

12 12. TERMINATION.

13 A. CITY. CITY may not terminate this Supplemental Agreement except upon
14 express written consent of COUNTY.

15 B. COUNTY. Notwithstanding the provisions of Paragraph 12a, COUNTY
16 may suspend or terminate this Supplemental Agreement upon a ten (10) day written notice to
17 CITY of action being taken and the reason for such action including, but not limited to, the
18 following reasons:

19 (1) In the event CITY fails to perform the covenants herein contained
20 at such times and in such manner as provided in this Supplemental Agreement; and

21 (2) In the event there is a conflict with any federal, state or local law,
22 ordinance, regulation or rule rendering any of the provisions of this Supplemental Agreement
23 invalid or untenable; or

24 (3) In the event the funding from the Department of Housing and
25 Urban Development referred to in Sections 1 and 2 above is terminated or otherwise becomes
26 unavailable.

27 C. Upon suspension or termination of this Supplemental Agreement, CITY
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1 shall return any unencumbered funds which it has been provided by COUNTY. In accepting said
2 funds, COUNTY does not waive any claim or cause of action it may have against CITY for
3 breach of this Supplemental Agreement.

4 D. Reversion of Assets

5 1. Upon expiration or termination of this Supplemental Agreement,
6 the CITY shall transfer to the COUNTY any CDBG funds on hand at the time of expiration of
7 the Supplemental Agreement as well as any accounts receivable held by CITY which are
8 attributable to the use of CDBG funds awarded pursuant to this Supplemental Agreement.

9 2. Any real property under the CITY'S control that was acquired or
10 improved in whole or in part with CDBG funds (including CDBG funds provided to the CITY in
11 the form of a loan) in excess of \$25,000 is either:

12 (i) Used to meet one of the National Objectives pursuant to 24
13 CFR Part 570.208 until five years after expiration of this agreement, or for such longer period of
14 time as determined to be appropriate by the COUNTY; or

15 (ii) Not used in accordance with Clause (i) above, in which
16 event the CITY shall pay the COUNTY an amount equal to the current market value of the
17 property less any portion of the value attributable to expenditures of non-CDBG funds for the
18 acquisition of, or improvement to, the property.

19 13. NONDISCRIMINATION. CITY shall abide by 24 CFR 570.601 and 570.602 of
20 Title 24 of the Code of Federal Regulations which requires that no person in the United States
21 shall on the grounds of race, color, national origin, or sex, be excluded from participation in, be
22 denied the benefits of, or be subjected to discrimination under any program or activity funded in
23 whole or in part with Community Development funds. CITY shall abide by and include in any
24 subcontracts to perform work under this Supplemental Agreement, the following clause:

25 "During the performance of this Supplemental Agreement, CITY and its subcontractors
26 shall not unlawfully discriminate against any employee or applicant for employment
27 because of race, religion, color, national origin, ancestry, physical handicap, medical
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1 condition, marital status, age (over 40) or sex. CITY and subcontractors shall insure that
2 the evaluation and treatment of their employees and applicants for employment are free
3 of such discrimination. CITY and subcontractors shall comply with the provisions of the
4 Fair Employment and Housing Act (Government Code, Section 12900 et seq.). The
5 applicable regulations of the Fair Employment and Housing Commission implementing
6 Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the
7 California Administrative Code are incorporated into this Agreement by reference and
8 made a part hereof as if set forth in full. CITY and its subcontractors shall give written
9 notice of their obligations under this clause to labor organizations with which they have a
10 collective bargaining or other agreement."

11 14. PROHIBITION AGAINST CONFLICTS OF INTEREST

12 A. CITY and its assigns, employees, agents, consultants, officers, and elected
13 and appointed officials shall become familiar with and shall comply with the CDBG regulations
14 prohibiting conflicts of interest contained in 24 CFR 570.611, a copy of which is attached hereto
15 as Exhibit "CI" and incorporated herein by this reference.

16 B. CITY understands and agrees that no waiver of exception can be granted
17 to the prohibition against conflict of interest except upon written approval of HUD pursuant to
18 24 CFR 570.611 (d). Any request by CITY for an exception shall first be reviewed by COUNTY
19 to determine whether such request is appropriate for submission to HUD in the COUNTY'S sole
20 and absolute discretion. In determining whether such request is appropriate for submission to
21 HUD, COUNTY will consider the factors listed in 24 CFR 570.611 (e).

22 C. Prior to the distribution of any CDBG funding under this Supplemental
23 Agreement, CITY shall provide COUNTY, in writing, a list of all employees, agents,
24 consultants, officers and elected and appointed officials who are in a position to participate in a
25 decision making process, exercise any functions or responsibilities, or gain inside information
26 with respect to the CDBG activities funded under this Agreement. CITY shall also promptly
27 disclose to COUNTY any potential conflict, including even the appearance of conflict that may
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1 arise with respect to the CDBG activities funded under this Supplemental Agreement.

2 E. Any violation of this Section 14 shall be deemed a material breach of this
3 Supplemental Agreement, and the Supplemental Agreement shall be immediately terminated by
4 the COUNTY.

5 15. PROJECT ELIGIBILITY. As to CITY or its claimants, COUNTY shall bear no
6 liability for any later determination by the United States Government, the U.S. Department of
7 Housing and Urban Development, or any other person or entity that CITY is or is not eligible
8 under 24 CFR Part 570 to receive CDBG entitlement funds from the COUNTY.

9 16. USE OF PROPERTY. Whenever federal CDBG funds or program income are
10 used, in whole or in part, for the purchase of equipment or personal property, the property shall
11 not be transferred from its originally funded use, by CITY or the CITY'S subcontractor
12 implementing the CDBG-funded activity, for a period of five (5) years from the close-out date of
13 the grant from which CDBG assistance was provided. The CITY shall maintain a current
14 inventory for COUNTY monitoring and review.

15 17. EMPLOYMENT OPPORTUNITIES TO BE CAUSED BY PROJECT. CITY
16 agrees to notify in writing, and to cause any subcontractor implementing CDBG-funded Projects
17 to notify, in writing, the Riverside County Workforce Development Center of any and all job
18 openings that are caused by the CDBG-funded Projects under this Supplemental Agreement.

19 18. PUBLICITY. Any publicity generated by CITY for the Projects funded pursuant
20 to this Supplemental Agreement will make reference to the contribution of the COUNTY, the
21 Economic Development Agency, and the Community Development Block Grant Program in
22 making the project possible.

23 19. PROGRAM MONITORING AND EVALUATION. CITY and its subcontractors
24 shall be monitored and evaluated in terms of its effectiveness and timely compliance with the
25 provisions of this Supplemental Agreement and the effective and efficient achievement of the
26 CDBG National Objectives as set forth in Exhibits A, B, C, D, E, F, G, H and I, attached hereto.
27 Quarterly reports shall be due on the last day of the month immediately following the end of the
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1 quarter being reported. The quarterly written reports shall include, but shall not be limited to, the
2 following data elements:

3 A. Title of program, listing of components, description of
4 activities/operations.

5 B. The projected goals, indicated numerically, and also the goals achieved
6 (for each report period). In addition, identify by percentage and description, the progress
7 achieved towards meeting the specified goals and identify any problems encountered in meeting
8 goals.

9 C. If the CDBG-funded activity meets a National Objective under 24 CFR
10 570.208 (a)(2)(i), CITY will report the following:

11 1) Total number of direct beneficiaries (clientele served) with
12 household incomes at:

- 13 • Above 80% MHI
- 14 • Between 50% and 80% MHI (Low-Income)
- 15 • Between 30% and 50% MHI (Very Low-Income)
- 16 • Less than 30% MHI (Extremely Low-Income)

17 2) Total number and percent (%) of the clientele served that have
18 household incomes at or below 80% MHI

19 3) Racial ethnicity of clientele

20 4) Number of Female-Headed Households

21 D. CITY shall report, in writing, and cause its subcontractors to report, in
22 writing, beneficiary statistics monthly to the Economic Development Agency (EDA) on the pre-
23 approved *Direct Benefit Form* and *Self-Certification Form* (certifying income, family size, and
24 racial ethnicity) as required by HUD. Updated forms are to be provided to CITY by EDA should
25 HUD implement changes during the term of this Supplemental Agreement. CITY and
26 subcontractors will collect and provide all necessary data required by HUD pertaining to the
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1 Specific Outcome Indicators as identified in HUD's Community Planning and Development
2 (CPD) Outcome Performance Measurement System.

3 20. SOURCE OF FUNDING. CITY acknowledges that the source of funding
4 pursuant to this Supplemental Agreement is Community Development Block Grant funds
5 (CFDA 14.218).

6 21. ENTIRE AGREEMENT. This Supplemental Agreement, including any
7 attachments or exhibits hereto constitutes the entire Supplemental Agreement of the parties with
8 respect to its subject matter and supersedes all prior and contemporaneous representations,
9 proposals, discussions and communications, whether oral or in writing. No oral understanding or
10 agreement not incorporated herein shall be binding on any of the parties hereto. Each of the
11 attachments and exhibits attached hereto is incorporated herein by this reference.

12 22. MINISTERIAL ACTS. The Assistant County Executive Officer/EDA or
13 designee(s) are authorized to take such ministerial actions as may be necessary or appropriate to
14 implement the terms, provisions, and conditions of this Supplemental Agreement as it may be
15 amended from time-to-time by COUNTY.

16 23. PRIOR AUTHORIZATION. CITY shall obtain COUNTY's written approval
17 from the COUNTY'S Economic Development Agency prior to implementing the following
18 "high risk" activities funded with CDBG assistance:

- 19 A. Construction of public facilities (project plans and specifications);
- 20 B. Acquisition of real property;
- 21 C. Historic Preservation;
- 22 D. Relocation; and
- 23 F. Economic Development

24 24. FORCE MAJEURE.

25 A. Performance by either party hereunder shall not be deemed to be in default
26 where delays or defaults are due to war, insurrection, strikes, lock-outs, riots, floods,
27 earthquakes, fires, casualties, acts of God, acts of the public enemy, epidemics, quarantine
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1 restrictions, freight embargoes, lack of transportation, governmental restrictions or priority,
2 litigation, unusually severe weather, inability to secure necessary labor, material or tools, delays
3 of any contractor, sub-contractor or supplier, acts of the other party, acts or failure to act of a
4 public or governmental agency or entity, or any causes beyond the control or without the fault of
5 the party claiming an extension of time to perform.

6 B. An extension of time for any such cause (a "Force Majeure Delay") shall
7 be for the period of the enforced delay and shall commence to run from the time of the
8 commencement of the cause, if notice by the party claiming such extension is sent to the other
9 party within thirty (30) calendar days of knowledge of the commencement of the cause.
10 Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure
11 Delay unless and until the party claiming such delay and interference delivers to the other party
12 written notice describing the event, its cause, when and how such party obtained knowledge, the
13 date the event commenced, and the estimated delay resulting therefrom. Any party claiming a
14 Force Majeure Delay shall deliver such written notice within thirty (30) calendar days after it
15 obtains knowledge of the event.

16 25. JURISDICTION AND VENUE: Any action at law or in equity arising under this
17 Supplemental Agreement or brought by a party hereto for the purpose of enforcing, construing or
18 determining the validity of any provision of this Supplemental Agreement shall be filed in the
19 consolidated Courts of Riverside County, State of California, and the parties hereto waive all
20 provisions of law providing for the filing, removal or change of venue to any other court or
21 jurisdiction

22 26. SEVERABILITY. Each paragraph and provision of this Supplemental
23 Agreement is severable from each other provision, and if any provision or part thereof is
24 declared invalid, the remaining provisions shall remain in full force and effect.

25 27. WAIVER. Failure by a party to insist upon the strict performance of any of the
26 provisions of this Supplemental Agreement by the other party, or the failure by a party to
27 exercise its rights upon the default of the other party, shall not constitute a waiver of such party's
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1 rights to insist and demand strict compliance by the other party with the terms of this
2 Supplemental Agreement thereafter.

3 28. NOTICES. Each notice, request, demand, consent, approval or other
4 communication (hereinafter in this Section referred to collectively as “notices” and referred to
5 singly as a “notice”) which the CITY or COUNTY is required or permitted to give to the other
6 party pursuant to this Agreement shall be in writing and shall be deemed to have been duly and
7 sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so
8 delivered shall be deemed to have been received at the time so delivered); or (b) sent by Federal
9 Express (or other similar national overnight courier) designating early morning delivery (any
10 notice so delivered shall be deemed to have been received on the next Business Day following
11 receipt by the courier); or (c) sent by United States registered or certified mail, return receipt
12 requested, postage prepaid, at a post office regularly maintained by the United States Postal
13 Service (any notice so sent shall be deemed to have been received two days after mailing in the
14 United States), addressed to the respective parties as follows:

<u>COUNTY</u>	<u>CITY</u>
<u>Assistant County Executive Officer/EDA</u>	<u>Andy Okoro</u>
<u>Economic Development Agency</u>	<u>City of Norco</u>
<u>P.O. Box 1180</u>	<u>2870 Clark Ave.</u>
<u>Riverside, CA 92502</u>	<u>Norco, CA 92860</u>

21 28. LOBBYING. CITY certifies to the best of its knowledge and belief, that:

22 a. No federally-appropriated funds have been paid or will be paid, by or on
23 behalf of the CITY, to any person for influencing or attempting to influence an officer or
24 employee of any agency, a member of Congress, an officer or employee of Congress, or an
25 employee of a member of Congress in connection with the awarding of any federal contract, the
26 making of any federal grant, the making of any federal loan, the entering into of any cooperative
27 agreement, and the extension, continuation, renewal, amendment, or modification of any federal
28

1 contract, grant, loan, or cooperative agreement.

2 b. If any funds other than federally-appropriated funds have been paid or will
3 be paid to any person for influencing or attempting to influence an officer or employee of any
4 agency, a member of Congress, an officer or employee of Congress, or an employee of a member
5 of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the
6 CITY shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in
7 accordance with its instructions.

8 c. CITY shall require that the language of this certification be included in the
9 award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts
10 under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and
11 disclose accordingly. This certification is a material representation of fact upon which reliance
12 was placed when this transaction was made or entered into.

13 29. INTERPRETATION AND GOVERNING LAW. This Supplemental Agreement
14 and any dispute arising hereunder shall be governed by and interpreted in accordance with the
15 laws of the State of California. This Supplemental Agreement shall be construed as a whole
16 according to its fair language and common meaning to achieve the objectives and purposes of the
17 parties hereto, and the rule of construction to the effect that ambiguities are to be resolved
18 against the drafting party shall not be employed in interpreting this Supplemental Agreement, all
19 parties having been represented by counsel in the negotiation and preparation hereof.

20 30. AUTHORITY TO EXECUTE. The persons executing this Supplemental
21 Agreement or exhibits attached hereto on behalf of the parties to this Supplemental Agreement
22 hereby warrant and represent that they have the authority to execute this Supplemental
23 Agreement and warrant and represent that they have the authority to bind the respective parties
24 to this Supplemental Agreement to the performance of its obligations hereunder.

25 31. EFFECTIVE DATE. The effective date of this Supplemental Agreement is the
26 date the parties sign the Supplemental Agreement. If the parties sign the Supplemental
27 Agreement on more than one date, then the last date the Supplemental Agreement is signed by a
28

1 party shall be the effective date.

2 32. COUNTERPARTS. This Supplemental Agreement may be signed by the
3 different parties hereto in counterparts, each of which shall be an original but all of which
4 together shall constitute one and the same agreement.

5 33. LETTER TO PROCEED. CITY shall not initiate nor incur expenses for the
6 CDBG-funded Projects or activities covered under the terms of this Supplemental Agreement as
7 set forth in Exhibits A, B and C, attached hereto, prior to receiving written authorization from
8 COUNTY to proceed.

9 34. ASSIGNMENT. The CITY shall not make any assignment or transfer in any form
10 with respect to this Supplemental Agreement, without prior written approval of the COUNTY.

11 35. MODIFICATION OF AGREEMENT. This Supplemental Agreement may be
12 modified or amended only by a writing signed by the duly authorized and empowered
13 representative of COUNTY and CITY respectively.

14
15
16
17
18 [Remainder of page intentionally blank]

19
20 [Signatures on following page]

1 IN WITNESS WHEREOF, the COUNTY and the CITY have executed this Agreement as
2 of the date first listed above.

3
4 COUNTY OF RIVERSIDE,
5 a political subdivision of the
6 State of California

CITY OF NORCO,
a municipal corporation

7 BY: _____
8 Suzanne Holland,
9 Assistant Director of EDA

BY: _____
Mayor

10 APPROVED AS TO FORM:
11 Gregory Priamos, County Counsel

ATTEST:

12 By: _____
13 Jhaila R. Brown,
14 Deputy County Counsel

BY: _____
City Clerk

15 APPROVED AS TO FORM:

16
17 BY: _____
18 City Attorney
19
20
21
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24
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**SUPPLEMENTAL AGREEMENT
SCOPE OF WORK
(PUBLIC SERVICE)**

I. GENERAL INFORMATION

CITY NAME: City of Norco

ADDRESS: 2870 Clark Ave.

Norco, CA 92860

CITY PROGRAM CONTACTS: Andy Okoro, City Manager

SUBRECIPIENT NAME: _____

ADDRESS: 2870 Clark Ave., Norco, CA 92860

PHONE: (951) 270-5646 FAX : _____

E-MAIL: _____

PROJECT NAME: Senior Recreation and Community Services

PROJECT LOCATION: 2690 Clark Ave., Norco, CA 92860

LEVEL OF ENVIRONMENTAL CLEARANCE: **EXEMPT [24 CFR 58.34 (a)(4)]**

CDBG ELIGIBILITY CODE: **24 CFR 570.201 (e) Public Services**

PROJECT FUNDING SUMMARY: **\$6,035**

Project to be administered by County (EDA) on behalf of CITY: YES NO

II. SCOPE OF SERVICE

A. Activities

City will be responsible for administering a **2014-2015** Community Development Block Grant for the **Senior Recreation and Community Services** in a manner satisfactory to the County of Riverside and consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the Community Development Block Grant program:

Activity #1 *The City will provide various health, recreational, educational, and social programs to seniors in Norco. CDBG funds will be used to pay for staff salaries (direct cost).*

B. National Objective

All activities funded with CDBG funds must comply with one of more of the CDBG program’s National Objective Criteria as required under 24 CFR 570.200(a)(2). CITY certifies that the activity (ies) carried out under this Agreement will meet the following National Objective:

National Objective Criteria: 570.208 (a)(2)(i)(A)

CFR Reference: Low Mod Limited Clientele Presumed

C. Levels of Accomplishment – Goals and Performance Measures

The City agrees to provide the following levels of program services:

Activity	Units <u>per Month</u>	Total <u>Units/Year</u>	Total <u>Unduplicated Persons</u>
Activity #1			150

Unit of Service is defined as: Persons served.

CPD OUTCOME PERFORMANCE MEASUREMENT

- Objectives (select one):**
- Creating Suitable Living Environments
 - Providing Decent Affordable Housing
 - Creating Economic Opportunities

- Outcome (select one):**
- Availability/Accessibility
 - Affordability
 - Sustainability (promoting livable or viable communities)

D. City Capacity

By executing this Supplemental Agreement, the City certifies that it and its subrecipients have the appropriate number of trained and knowledgeable staff, adequate facilities, proper equipment, required licensing and permitting, and sufficient amount of financial resources necessary to implement and carry out the activities funded with CDBG funds.

City will immediately notify County of any significant changes in organizational management, assigned staff, change in facilities, loss or change in matching funds, or any other event that could potentially impact City’s performance under this Agreement. Any changes in the above items are subject to the prior approval of the County.

E. Performance Monitoring

The County of Riverside will monitor the performance of the City and its subrecipients against goals and performance standards as stated above. Substandard performance as determined by the County will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the City within a reasonable period of time after being notified by the County, contract suspension or termination procedures will be initiated.

F. Program Budget

It is expressly agreed and understood that the total amount to be paid by the County under this Agreement shall not exceed **\$6,035**. Drawdowns for the payment of eligible expenses shall be made against the line item budgets specified in this Section and in accordance with performance. Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 84.21.

The County may require a more detailed budget breakdown than the one contained herein, and the City shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the County. Any amendments to the budget must be approved in writing by both the County and City.

Line Item	CDBG Granted Funds	Total Non-CDBG Funds	Total Activity/Project Budget	Notes
Total Direct Program Expenses Salaries Fringe Office Space (Program Only) Utilities Communications Reproduction/Printing Supplies and Materials Mileage Equipment (Program Only) Audit Transportation Other:	\$6,035			
Total Indirect Program Expenses Indirect Costs (Specify)*	\$			
TOTAL CDBG BUDGET	\$6,035	\$0	\$6,035	

* All indirect costs must be pre-approved by the County. City must submit an Indirect Cost Allocation Plan to County, in a form specified by County, demonstrating the appropriate share of general and administrative costs.

G. Total Amount of Non- CDBG Leveraging

TYPE	SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT	TOTAL
FEDERAL							
STATE/LOCA							
PRIVATE							
OTHER							

TOTAL: None

III. ADMINISTRATIVE REQUIREMENTS

A. Accounting Standards

The City agrees to comply with 24 CFR 84 or 85 as applicable and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

B. Cost Principles

The City shall administer its program in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations," A-21, "Cost Principles for Educational Institutions," or OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

C. Documentation and Record Keeping

1. Records to be Maintained

The City and its subrecipients will maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- i. Records providing a full description of each activity undertaken;
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- iii. Records required to determine the eligibility of activities;
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- vi. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21-28; and
- vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Records Retention

The City shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years. The retention period begins on the date of the submission of the County's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

3. Client Data

The City shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

4. Disclosure

The City understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the County's or City's responsibilities with respect to services provided under this contract, is prohibited by applicable federal and State law unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The City's obligation to the County shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the County), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the City has control over CDBG funds, including program income.

6. Audits & Inspections

All City records with respect to any matters covered by this Agreement shall be made available to the County, HUD, and the Controller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the City within 30 days after receipt by the City. Failure of the City to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The City hereby agrees to have an annual agency audit conducted in accordance with current County policy concerning subrecipient audits and OMB Circular A-133.

IV. PROJECT IMPLEMENTATION AND SCHEDULE

Unless pre-approved by County, CITY will perform and complete the activities described in Section II in conformance with the schedule of tasks and milestones listed below:

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Complete Mandatory Online Cooperating City Training	July 2014	October 2014
Implement Program Activities	July 1, 2014	TBD
Execute Supplemental Agreement & Notice to Incur Cost	August 2014	November 2014
City Submit Quarterly Performance Reports to County		October 15, 2014 January 15, 2015 April 15, 2015 July 31, 2015
County Monitoring of City Performance	TBD	TBD
City submit Monthly Direct Benefit Reports	September 2014	July 2015
City Submits Reimbursement Requests		
Monthly Submittal <input type="checkbox"/>	September 2014	<u>June 13, 2015</u>
Other Schedule <input type="checkbox"/>	_____	_____
CDBG Program Services Complete		TBD

V. SPECIAL CONDITIONS /PERFORMANCE REQUIREMENTS

City must collect **eligibility self-certifications** from every participant in the CDBG-funded program. At a minimum, participants must certify that they are 62 years of age or older, and they must report their ethnicity. This documentation must be submitted to EDA on a monthly basis for new participants.

**SUPPLEMENTAL AGREEMENT
SCOPE OF WORK
(PUBLIC SERVICE)**

I. GENERAL INFORMATION

CITY NAME: City of Norco

ADDRESS: 2870 Clark Ave.

Norco, CA 92860

CITY PROGRAM CONTACTS: Andy Okoro, City Manager

SUBRECIPIENT NAME: _____

ADDRESS: 2870 Clark Ave., Norco, CA 92860

PHONE: (951) 270-5646 FAX : _____

E-MAIL: _____

PROJECT NAME: Norco Party Partners for Developmentally Challenged

PROJECT LOCATION: 2690 Clark Ave., Norco, CA 92860

LEVEL OF ENVIRONMENTAL CLEARANCE: **EXEMPT [24 CFR 58.34 (a)(4)]**

CDBG ELIGIBILITY CODE: **24 CFR 570.201 (e) Public Services**

PROJECT FUNDING SUMMARY: **\$6,034**

Project to be administered by County (EDA) on behalf of CITY: YES NO

II. SCOPE OF SERVICE

A. Activities

City will be responsible for administering a **2014-2015** Community Development Block Grant for the **Norco Party Partners for Developmentally Challenged** in a manner satisfactory to the County of Riverside and consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the Community Development Block Grant program:

Activity #1 *The City provides recreational and social activities for developmentally-challenged adults (18 and older) from low-income households. CDBG funds will be used for staff salaries (direct costs).*

B. National Objective

All activities funded with CDBG funds must comply with one of more of the CDBG program’s National Objective Criteria as required under 24 CFR 570.200(a)(2). CITY certifies that the activity (ies) carried out under this Agreement will meet the following National Objective:

National Objective Criteria: 570.208 (a)(2)(i)(A)

CFR Reference: Low Mod Limited Clientele Presumed

C. Levels of Accomplishment – Goals and Performance Measures

The City agrees to provide the following levels of program services:

Activity	Units <u>per Month</u>	Total <u>Units/Year</u>	Total <u>Unduplicated Persons</u>
Activity #1			130

Unit of Service is defined as: Persons served.

CPD OUTCOME PERFORMANCE MEASUREMENT

- Objectives (select one):** Creating Suitable Living Environments
 Providing Decent Affordable Housing
 Creating Economic Opportunities

- Outcome (select one):** Availability/Accessibility
 Affordability
 Sustainability (promoting livable or viable communities)

D. City Capacity

By executing this Supplemental Agreement, the City certifies that it and its subrecipients have the appropriate number of trained and knowledgeable staff, adequate facilities, proper equipment, required licensing and permitting, and sufficient amount of financial resources necessary to implement and carry out the activities funded with CDBG funds.

City will immediately notify County of any significant changes in organizational management, assigned staff, change in facilities, loss or change in matching funds, or any other event that could potentially impact City’s performance under this Agreement. Any changes in the above items are subject to the prior approval of the County.

E. Performance Monitoring

The County of Riverside will monitor the performance of the City and its subrecipients against goals and performance standards as stated above. Substandard performance as determined by the County will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the City within a reasonable period of time after being notified by the County, contract suspension or termination procedures will be initiated.

F. Program Budget

It is expressly agreed and understood that the total amount to be paid by the County under this Agreement shall not exceed **\$6,034**. Drawdowns for the payment of eligible expenses shall be made against the line item budgets specified in this Section and in accordance with performance. Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 84.21.

The County may require a more detailed budget breakdown than the one contained herein, and the City shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the County. Any amendments to the budget must be approved in writing by both the County and City.

Line Item	CDBG Granted Funds	Total Non-CDBG Funds	Total Activity/Project Budget	Notes
Total Direct Program Expenses Salaries Fringe Office Space (Program Only) Utilities Communications Reproduction/Printing Supplies and Materials Mileage Equipment (Program Only) Audit Transportation Other:	\$6,034			
Total Indirect Program Expenses Indirect Costs (Specify)*	\$			
TOTAL CDBG BUDGET	\$6,034	\$0	\$6,034	

* All indirect costs must be pre-approved by the County. City must submit an Indirect Cost Allocation Plan to County, in a form specified by County, demonstrating the appropriate share of general and administrative costs.

G. Total Amount of Non- CDBG Leveraging

TYPE	SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT	TOTAL
FEDERAL							
STATE/LOCAL							
PRIVATE							
OTHER							

TOTAL: None

III. ADMINISTRATIVE REQUIREMENTS

A. Accounting Standards

The City agrees to comply with 24 CFR 84 or 85 as applicable and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

B. Cost Principles

The City shall administer its program in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations," A-21, "Cost Principles for Educational Institutions," or OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

C. Documentation and Record Keeping

1. Records to be Maintained

The City and its subrecipients will maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- i. Records providing a full description of each activity undertaken;
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- iii. Records required to determine the eligibility of activities;
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- vi. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21-28; and
- vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Records Retention

The City shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years. The retention period begins on the date of the submission of the County's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

3. Client Data

The City shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

4. Disclosure

The City understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the County's or City's responsibilities with respect to services provided under this contract, is prohibited by applicable federal and State law unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The City's obligation to the County shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the County), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the City has control over CDBG funds, including program income.

6. Audits & Inspections

All City records with respect to any matters covered by this Agreement shall be made available to the County, HUD, and the Controller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the City within 30 days after receipt by the City. Failure of the City to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The City hereby agrees to have an annual agency audit conducted in accordance with current County policy concerning subrecipient audits and OMB Circular A-133.

IV. PROJECT IMPLEMENTATION AND SCHEDULE

Unless pre-approved by County, CITY will perform and complete the activities described in Section II in conformance with the schedule of tasks and milestones listed below:

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Complete Online Mandatory Cooperating City Training	July 2014	October 2014
Implement Program Activities	July 1, 2014	TBD
Execute Supplemental Agreement & Notice to Incur Cost	August 2014	September 2014
City Submit Quarterly Performance Reports to County		October 15, 2014 January 15, 2015 April 15, 2015 July 31, 2015
County Monitoring of City Performance	TBD	TBD
City submit Monthly Direct Benefit Reports	September 2014	July 2015
City Submits Reimbursement Requests		
Monthly Submittal <input type="checkbox"/>	September 2014	<u>June 13, 2015</u>
Other Schedule <input type="checkbox"/>	_____	_____
CDBG Program Services Complete		TBD

V. SPECIAL CONDITIONS /PERFORMANCE REQUIREMENTS

Sponsor must collect eligibility self-certifications from every participant in the CDBG-funded program. At a minimum, participants must certify that they are severely disabled adults. The participants must report their ethnicity as well. All of this documentation must be submitted to EDA on a monthly basis.

**SUPPLEMENTAL AGREEMENT
SCOPE OF WORK
(NON-PUBLIC SERVICE)**

I. GENERAL INFORMATION

CITY NAME: City of Norco

ADDRESS: 2870 Clark Ave.
Norco, CA 92860

PROGRAM CONTACTS: Andy Okoro, City Manager

PHONE: (951) 270-5632 FAX: _____

E-MAIL: _____

PROJECT NAME: Ingalls Park ADA Restroom Project Phase III

PROJECT LOCATION: 3737 Crestview Dr., Norco, CA 92860

LEVEL OF ENVIRONMENTAL CLEARANCE: Categorical Exclusion

CDBG ELIGIBILITY CODE: 570.201 (c)

PROJECT FUNDING SUMMARY: **\$74,138**

Project to be administered by County (EDA) on behalf of City: YES NO

II. SCOPE OF SERVICE

A. Activities

City will be responsible for administering a **2014-2015** Community Development Block Grant for the **Ingalls Park ADA Restroom Project Phase III** in a manner satisfactory to the County of Riverside and consistent with any standards required as a condition of providing these funds. Such program will include the following activities eligible under the Community Development Block Grant program:

- Activity #1 *CDBG funds will be used to purchase and install an additional pre-fabricated, fully-equipped, ADA accessible restroom at Ingalls Park in the City of Norco to improve access for disabled individuals.*

B. National Objective

All activities funded with CDBG funds must comply with one of more of the CDBG program's National Objective Criteria as required under 24 CFR 570.200(a)(2). City certifies that the activity(ies) carried out under this Agreement will meet the following National Objective:

National Objective Criteria: 570.208 (a)(2)(i)(A)

CFR Reference: Low Mod Limited Clientele Presumed

C. Levels of Accomplishment – Goals and Performance Measures

The City agrees to implement and complete the following activity(ies):

Activity #1 Purchase and install a pre-fabricated fully-equipped ADA accessible restroom.

CPD OUTCOME PERFORMANCE MEASUREMENT

Objectives (select one): Creating Suitable Living Environments
 Providing Decent Affordable Housing
 Creating Economic Opportunities

Outcome (select one): Availability/Accessibility
 Affordability
 Sustainability (promoting livable or viable communities)

D. City Capacity

By executing this Supplemental Agreement, the City certifies that it has the appropriate number of trained and knowledgeable staff, adequate facilities, proper equipment, required licensing and permitting, and sufficient amount of financial resources necessary to implement and carry out the activities funded with CDBG funds.

City will immediately notify County of any significant changes in organizational management, assigned staff, change in facilities, loss or change in matching funds, or any other event that could potentially impact the City or subrecipient's performance under this Agreement.

Any changes in the above items are subject to the prior approval of the County.

E. Performance Monitoring

The County of Riverside will monitor the performance of the City and its subrecipients against goals and performance standards as stated above. Substandard performance as determined by the County will constitute noncompliance with this Agreement. If action to correct such substandard performance is not taken by the City within a reasonable period of time after being notified by the County, contract suspension or termination procedures will be initiated.

F. Program Budget

It is expressly agreed and understood that the total amount to be paid by the County under this Agreement shall not exceed **\$74,138** Drawdowns for the payment of eligible expenses shall be made against the line item budgets specified in this Section and in accordance with performance. Payments may be contingent upon certification of the Subrecipient's financial management system in accordance with the standards specified in 24 CFR 84.21.

The County may require a more detailed budget breakdown than the one contained herein, and the City shall provide such supplementary budget information in a timely fashion in the form and content prescribed by the County. Any amendments to the budget must be approved in writing by both the County and City.

Line Item	CDBG Granted Funds	Total of Non- CDBG Funds	Total Activity/Project Budget	Notes
Design/Engineering Costs				
Project Administration Costs				
Construction Costs				
Acquisition Costs				
Relocations Costs				
Capital Equipment Costs				
Code Enforcement				
Clearance				
Interim Assistance				
Other:				
TOTAL CDBG BUDGET	\$74,138	\$0	\$74,138	

G. Total Amount of Non- CDBG Leveraging

TYPE	SOURCE	AMOUNT	SOURCE	AMOUNT	SOURCE	AMOUNT	TOTAL
FEDERAL							
STATE/LOCAL							
PRIVATE							
OTHER							

TOTAL: None

III. ADMINISTRATIVE REQUIREMENTS

A. Accounting Standards

The City agrees to comply with 24 CFR 84 or 85 as applicable and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.

B. Cost Principles

The City shall administer its program in conformance with OMB Circulars A-122, "Cost Principles for Non-Profit Organizations," A-21, "Cost Principles for Educational Institutions," or OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments as applicable. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

C. Documentation and Record Keeping

1. Records to be Maintained

The Subrecipient shall maintain all records required by the Federal regulations specified in 24 CFR 570.506, that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- i. Records providing a full description of each activity undertaken;
- ii. Records demonstrating that each activity undertaken meets one of the National Objectives of the CDBG program;
- iii. Records required to determine the eligibility of activities;
- iv. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- v. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- vi. Financial records as required by 24 CFR 570.502, and 24 CFR 84.21-28; and
- vii. Other records necessary to document compliance with Subpart K of 24 CFR Part 570.

2. Records Retention

The City shall retain all financial records, supporting documents, statistical records, and all other records pertinent to the Agreement for a period of five (5) years. The retention period begins on the date of the submission of the County's annual performance and evaluation report to HUD in which the activities assisted under the Agreement are reported on for the final time. Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the expiration of the five-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

3. Client Data

The City shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

4. Disclosure

The City understands that client information collected under this contract is private and the use or disclosure of such information, when not directly connected with the administration of the County's or City's responsibilities with respect to services provided under this contract, is prohibited by applicable federal and State law unless written consent is obtained from such person receiving service and, in the case of a minor, that of a responsible parent/guardian.

5. Close-outs

The City's obligation to the County shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the County), and determining the custodianship of records. Notwithstanding the foregoing, the terms of this Agreement shall remain in effect during any period that the City has control over CDBG funds, including program income.

6. Audits & Inspections

All City records with respect to any matters covered by this Agreement shall be made available to the County, HUD, and the Controller General of the United States or any of their authorized representatives, at any time during normal business hours, as often as deemed necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by the City within 30 days after receipt by the City. Failure of the City to comply with the above audit requirements will constitute a violation of this contract and may result in the withholding of future payments. The City hereby agrees to have an annual agency audit conducted in accordance with current County policy concerning subrecipient audits and OMB Circular A-133.

IV. PROJECT IMPLEMENTATION AND SCHEDULE

Unless pre-approved by County, City will perform and complete the activities described in Section II in conformance with the schedule of tasks and milestones listed below:

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Complete Mandatory Online Cooperating City Training	July 2014	October 2014
Implement Project Activities	Upon Notification from EDA	
Execute Supplemental Agreement & Notice to Incur Cost	August 2014	November 2014

<u>Tasks / Milestone</u>	<u>Start Date</u>	<u>Completion Date</u>
Submit Quarterly Performance Reports to County		October 15, 2014 January 15, 2015 April 15, 2015 July 31, 2015

County Monitoring of City Program/Performance To be determined by Program Manager

Specific Project Activities To be determined by Program Manager

1. City executes Supplemental Agreement; receives authorization to incur cost letter
2. City prepares final construction bid documents for EDA review and approval
3. EDA authorizes City to advertise for bids
4. EDA reviews and approves bidding process
5. City awards construction contract(s)
6. City and EDA conduct "pre-construction meeting"
7. EDA authorizes City to issue "Notice to Proceed"

City Submits Reimbursement Requests

Monthly Submittal

Other Schedule

CDBG-funded Project Complete

June 2016

EXHIBIT CI

Prohibition Against Conflicts of Interest

Page 1 of 4

§ 570.611 Conflict of interest.

(a) Applicability.

(1) In the procurement of supplies, equipment, construction, and services by recipients, and by subrecipients (including those specified at § 570.204(c)), the conflict of interest provisions in 24 CFR 85.36 and OMB Circular A 110, respectively, shall apply.

(2) In all cases not governed by 24 CFR 85.36 and OMB Circular A-110, the provisions of this section shall apply. Such cases include the acquisition and disposition of real property and the provision of assistance by the recipient, by its subrecipients, or to individuals, businesses and other private entities under eligible activities which authorize such assistance (e.g., rehabilitation, preservation, and other improvements of private properties or facilities pursuant to § 570.202, or grants, loans and other assistance to businesses, individuals and other private entities pursuant to § 570-203, § 570.204 or § 570.455).

(b) Conflicts prohibited. Except for the use of CDBG funds to pay salaries and other related administrative or personnel costs, the general rule is that no persons described in paragraph (c) of this section who exercise or have exercised any functions or responsibilities with respect to CDBG activities assisted under this part or who are in a position to participate in a decision making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from a CDBG assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter. For the UDAG program, the above restrictions shall apply to all activities that are a part of the UDAG project, and shall cover any such interest or benefit during, or at any time after, such person's tenure.

(c) Persons covered. The conflict of interest provisions of paragraph (b) of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the recipient, or of any designated public agencies, or subrecipients which are receiving funds under this part.

(d) Exceptions: threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of paragraph (b) of this section on a case-by-case basis when it determines that such an exception will serve to further the purposes of the Act and the effective and efficient administration of the recipient's program or project. An exception may be considered only after the recipient has provided the following:

EXHIBIT CI

Prohibition Against Conflicts of Interest

Page 2 of 4

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not Violate State or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of paragraph (d) of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

(1) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(2) Whether an opportunity was provided for open competitive bidding or negotiation;

(3) Whether the person affected is a member of a group or class of low or moderate income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(4) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(5) Whether the interest or benefit was present before the affected person was in a position as described in paragraph (b) of this section;

(6) Whether undue hardship will result either to the recipient or the person affected when weighed against the public interest served by avoiding the prohibited conflict; and

(7) Any other relevant considerations.

Exhibit CI

Prohibition Against Conflicts of Interest
Page 3 of 4

Community Development Block Grant
Policy Manual
I.D. # A-11
(pg. 1 of 2)

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

DATE: October 1989

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

1) No employee, officer or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.

2) Such a conflict will arise when:

- i) The employee, officer or agent;
- ii) Any member of the immediate family;
- iii) His/Her partners, or;
- iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.

3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.

4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:

- i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
- ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.

EXHIBIT CI

Prohibition Against Conflicts of Interest

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Community Development Block Grant
Policy Manual
I.D. # A-11
(pg. 2 of 2)

TOPIC: CONFLICT OF INTEREST CODE
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

DATE: October 1989

- iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of Section 4, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

EXHIBIT "R"

CONSTITUTIONAL PROHIBITION

Page 1 of 2

In accordance with First Amendment Church/State Principles, as a general rule, CDBG/ESG assistance may not be used for religious activities or provided to primarily religious entities for any activities, including secular activities. The following restrictions and limitations therefore apply to the use of CDBG/ESG funds.

(1) CDBG/ESG funds may not be used for the acquisition of property or the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures to be used for religious purposes or which will otherwise promote religious interests. This limitation includes the acquisition of property for ownership by primarily religious entities and the construction or rehabilitation (including historic preservation and removal of architectural barriers) of structures owned by such entities (except as permitted under paragraph (j) (2) of this section with respect to rehabilitation and under paragraph (j) (4) of this section with respect to repairs undertaken in connection with public services) regardless of the use to be made of the property or structure. Property owned by primarily religious entities may be acquired with CDBG/ESG funds at no more than fair market value for a non-religious use.

(2) CDBG/ESG funds may be used to rehabilitate buildings owned by primarily religious entities to be used for a wholly secular purpose under the following conditions:

(i) The building (or portion thereof) that is to be improved with the CDBG/ESG assistance has been leased to an existing or newly-established wholly secular entity (which may be an entity established by the religious entity);

(ii) The CDBG/ESG assistance is provided to the lessee (and not the lessor) to make the improvements;

(iii) The leased premises will be used exclusively for secular purposes available to persons regardless of religion;

(iv) The lease payments do not exceed the fair market rent of the premises as they were before the improvements are made;

(v) The portion of the cost of any improvements that also serve a non-leased part of the building will be allocated to and paid for by the lessor;

(vi) The lessor enters into a binding agreement that unless the lessee, or a qualified successor lessee, retains the use of the leased premises for a wholly secular purpose for at least the useful life of the improvements, the lessor will pay to the lessee an amount equal to the residual value of the improvements;

EXHIBIT "R"

CONSTITUTIONAL PROHIBITION

Page 2 of 2

(vii) The lessee must remit the amount received from the lessor under subparagraph (2)(vi) of this section to the recipient or subrecipient from which the CDBG/ESG funds were derived.

The lessee can also enter into a management contract authorizing the lessor religious entity to use the building for its intended secular purpose, e.g., homeless shelter, provision of public services. In such case,

the religious entity must agree in the management contract to carry out the secular purpose in a manner free from religious influences in accordance with the principles set forth in paragraph (j)(3) of this section.

(3) As a general rule, CDBG/ESG funds may be used for eligible public services to be provided through a primarily religious entity, where the religious entity enters into an agreement with the recipient or subrecipient from which the CDBG/ESG funds are derived that, in connection with the provision of such services:

(i) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion.

(ii) It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion;

(iii) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services;

(iv) The portion of a facility used to provide the public services shall contain no religious symbols or decorations, other than those permanently affixed to or part of the structure.

(4) Where the public services provided under paragraph (j)(3) of this section are carried out on property owned by the primarily religious entity, CDBG/ESG funds may also be used for minor repairs to such property which are directly related to carrying out the public services where the cost constitutes in dollar terms only an incidental portion of the CDBG/ESG expenditure for the public services.

EXHIBIT "S"

Page 1 of 2

Economic Opportunities for Section 3 Residents and Section 3 Business Concerns

Sec. 135.38 Section 3 clause.

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

EXHIBIT "S"

Page 2 of 2

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: William R. Thompson, Water & Sewer Manager 

DATE: November 19, 2014

SUBJECT: Amendment No. 3 to the Project and Capacity Agreement for the Expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant

RECOMMENDATION: Approve Amendment No. 3 to the Project and Capacity Agreement for the expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant, subject to non-substantive changes and approval by all WRCRWA Member Agencies.

SUMMARY: The City of Norco is a member of WRCRWA, which jointly exercises powers to own, operate, convey, treat and maintain wastewater treatment facilities, commonly referred to as the Western Riverside County Regional Wastewater Authority. At its October 20, 2014 Board meeting, the WRCRWA Board of Directors approved the proposed Amendment No. 3 to the Project and Capacity Agreement. The governing bodies of each of the Member Agencies are now recommended to approve Amendment No. 3 in order for it to become effective.

BACKGROUND/ANALYSIS: The City of Norco is a member of WRCRWA, which jointly exercises powers to own, operate, convey, treat and maintain wastewater treatment facilities, commonly referred to as the Western Riverside County Regional Wastewater Authority. The treatment facility was constructed to operate as a regional wastewater conveyance, treatment and disposal system to serve its member agencies: Home Gardens, Jurupa Community Services District (Jurupa), Western Municipal Water District (WMWD), the City of Corona, and the City of Norco. The WRCRWA wastewater facility was originally designed to treat 8 million gallons of wastewater per day (MGD). Norco's existing WRCRWA conveyance capacity is 2.5 mgd and the treatment capacity is 2.2 mgd.

The original Project and Capacity Agreement for the Expansion of the Western Riverside County Wastewater Regional Wastewater Authority Treatment Plant (Original Agreement) was approved by the WRCRWA Board of Directors on March 8, 2012. The City Council, at their August 1, 2102 meeting approved the Project and Capacity Agreement for the Expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant.

Amendment No. 1 reset the timetable for the City of Corona's (Corona) Buy-In payments, and established revised amounts for Jurupa Community Services District's (Jurupa) contribution toward additional design fees in order to meet Jurupa's request for the additional capacity of 1.25 million gallons per day (MGD). The action also reset the timetable for Jurupa's and the City of Norco's (Norco) design fee deposits.

Amendment No. 2 to the Project and Capacity Agreement for the Expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant addresses Jurupa's request for an additional 1.25 MGD to create a total expansion of 5.25 MGD from the existing 8.0 MGD to 13.25 MGD.

Amendment No. 2 follows the rationale used in the Original Agreement:

1. Expanders (those in need of additional treatment capacity) and Non-Expanders (those not in need of additional capacity), will donate all existing and ultimate stranded capacity in existing components to the expansion project.
2. All Members agree to donate 100% of Corona's Buy-In (\$4.0 million) to the expansion project.

Proposed Amendment No. 3 to the Project and Capacity Agreement for the Expansion of the Western Riverside County Wastewater Treatment Plant revises the expansion plan to 14.0 MGD and incorporates principles for sharing State Revolving Fund (SRF) loan financing into the previously approved Project and Capacity Agreement including Amendments 1 and 2.

Amendment No. 3 modifies the Capital Improvement Budget by changing the amended expansion plan of 5.25 MGD (from 8.0 to 13.25 MGD) to the current expansion plan of 6.0 MGD (from 8.0 MGD to 14.0 MGD). The 14.0 MGD Expansion Project Budget is \$72.62 million dollars as reported to the state in the SRF loan application. The City of Corona's Buy-in of \$4.0 million no longer reduces the upfront project cost and instead will be used to satisfy most of the state mandated SRF debt service reserve requirements, for one year of debt service, estimated at approximately \$4.4 million. The City of Corona's Buy-in will then be available in the 20th year of the loan payment schedule to make the final debt service payment. Therefore, instead of the \$4.0 million City of Corona Buy-in being used to reduce costs prior to the first year, it will be available to reduce costs in the last year of debt service.

Proposed Amendment No. 3 defines the cost sharing by the Parties if the project cost exceeds \$10 per gallon as a result of added odor control facilities, excluding change orders, the actual cost of added odor control facilities will be shared by all Members, not to exceed the estimated cost of the added odor control facilities when spread to the entire

November 19, 2014

Finally, if the total project cost estimate (after receiving bids) exceeds \$10 per gallon plus the cost of added odor control facilities, a total of \$64,000,000, the Board of Directors will have the option of rejecting all bids and having staff and consultants review the 14.0 MGD expansion project scope.

When the 6.0 MGD Expansion Project is completed the City of Norco will own a treatment capacity right of 2.7 MGD.

The Agreement has attached Exhibits "A" through "E" describing the following;

- Exhibit "A" describes advanced funding from the Parties.
- Exhibit "B" describes the 6.0 MGD project cost by category.
- Exhibit "C" describes existing Member treatment capacity and expanded Member capacity.
- Exhibit "D" is a cost allocation diagram
- Exhibit "E" are examples of funding scenarios for each component of the expansion project.

FINANCIAL IMPACT: Approval of Amendment No. 3 will not increase planned expenditures within the Sewer Capital Improvement Program Fund (147). If the project requires additional funding for the added odor control, and third digester, Norco's funding requirement may increase an additional \$1,030,000. There is no financial impact to the General Fund.

Attachments: Project and Capacity Agreement Amendment No. 3

**AMENDMENT NO. 3 TO THE PROJECT AND
CAPACITY AGREEMENT FOR THE EXPANSION OF THE
WESTERN RIVERSIDE COUNTY WASTEWATER TREATMENT PLANT**

THIS AMENDMENT NO. 3 is made and entered into by and between the Home Garden Sanitary District, a sanitary district (hereinafter "Home Gardens"), the City of Corona, a municipal corporation (hereinafter "Corona"), the City of Norco, a municipal corporation (hereinafter "Norco"), Jurupa Community Services District, a community services district (hereinafter "Jurupa"), and Western Municipal Water District of Riverside County, a municipal water district (hereinafter "Western") (sometimes hereinafter individually and collectively referred to respectively as "Party" or the "Parties"), and shall be effective _____, 2014.

RECITALS

A. WHEREAS, Western Riverside County Regional Wastewater Authority (hereinafter "the Authority") was formed as a Joint Powers Authority in 1992 to construct and operate a regional wastewater conveyance, treatment and disposal system to serve its Member Agencies: Home Gardens, Norco, Jurupa, Western, and the Santa Ana Watershed Project Authority (SAWPA).

B. WHEREAS, Corona, Home Gardens, Jurupa, Norco, Western, and SAWPA entered into the Project and Capacity Agreement for the Expansion of the Western Riverside County Regional Wastewater Authority Treatment Plant dated March 8, 2012 (hereinafter the "Project Agreement"), for an expansion of 4.0 million gallons per day ("MGD") thereby increasing the current upgraded capacity of the Authority's treatment plant from 8.0 MGD to 12 MGD.

C. WHEREAS, pursuant to Addendum No. 6 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority, Corona was added to the Membership of the Authority, effective March 28, 2012.

D. WHEREAS, pursuant to Addendum No. 7 to the Joint Exercise of Powers Agreement creating the Western Riverside County Regional Wastewater Authority, SAWPA withdrew from Membership of the Authority, effective June 30, 2012, and is, therefore, not a party to this Amendment No. 3.

E. WHEREAS, Corona, Home Gardens, Jurupa, Norco and Western ("Parties") entered into Amendment No. 1 to the Project Agreement dated July 31, 2012, for the purpose of rescheduling Jurupa and Norco advance deposits for the treatment plant expansion design work, and restructuring the installment due dates for Corona's Buy-In.

F. WHEREAS, in accordance with Amendment No. 1 to the Project Agreement, Jurupa and Norco pledged advance deposits of \$575,000 and \$75,000, respectively, prior to August 17, 2012 and Corona committed to its Buy-In payments totaling \$4,000,000 prior to July 12, 2013.

G. WHEREAS, the Parties entered into Amendment No. 2 to the Project Agreement dated November 14, 2012, to provide for Jurupa's 1.25 MGD expansion of treatment capacity

for a revised expansion project of 5.25 MGD thereby increasing the current plant capacity from 8.0 MGD to 13.25 MGD of Total Rated Capacity and to memorialize the allocation of treatment capacity among the Parties upon completion of the 13.25 Project.

H. WHEREAS, subsequent to Amendment No. 2, Home Gardens requested 0.38 MGD of additional expansion capacity in the Authority's treatment plant to bring the Home Gardens total treatment capacity right to 1.00 MGD.

I. WHEREAS, subsequent to Amendment No. 2, Corona requested 0.37 MGD of additional expansion capacity in the Authority's treatment plant to bring Corona's total capacity right to 2.37 MGD thereby increasing the Project to a 6.0 MGD treatment plant expansion.

J. WHEREAS, the Parties needing the Project include Corona, Home Gardens, Jurupa, and Norco and are known collectively as the "Expanders."

K. WHEREAS, the Party with sufficient capacity rights that has no current need for expansion is Western and is known as the "Non-Expander."

L. WHEREAS, the Authority's Board of Directors complied with the California Environmental Quality Act (CEQA) on July 22, 2013 as amended on March 26, 2014 by adopting an environmental impact report (EIR) for the Project.

M. WHEREAS, on October 23, 2013, the Authority's Board of Directors approved the design contract for the 6.0 MGD expansion and defined the "Project" as a 6.0 MGD treatment plant expansion as follows:

Current and Proposed Treatment Capacity

Member	Current Treatment Capacity	Proposed Capacity per Amendment No. 2	Added Capacity Per Amend 3	Proposed Project 10-23-13
WMWD	1.93	1.93	0	1.93
JCSD	3.25	6.00	0	6.00
Norco	2.20	2.70	0	2.70
HGSD	0.62	0.62	0.38	1.00
Corona	0	2.00	0.37	2.37
TOTAL	8.00 MGD	13.25 MGD	0.75 MGD	14.00 MGD

N. WHEREAS, subsequent to Amendment No. 2, the Authority applied to the California State Water Resources Control Board (SWRCB) for low interest financing from the Clean Water State Revolving Fund (SRF Loan) to construct the proposed 6.0 MGD treatment plant expansion.

O. WHEREAS, on September 25, 2013, the Authority adopted Resolution 13-004 authorizing reimbursement of certain Project costs, Resolution 13-005 authorizing filing of the SRF Loan application, and 13-006 pledging revenues and funds for the repayment of the SRF Loan.

P. WHEREAS, on September 25, 2013, the Authority entered into an agreement with its Parties for Repayment of the SRF Loan whereby the Parties pledged and dedicated a source of revenue equivalent to their cost obligations to the Authority as depicted in the following tables:

General Revenue Obligations of the Expanders Excluding Odor Control Infrastructure and Centrifuge Equipment Costs Described in the Project Agreement

<u>EXPANDERS</u>	<u>CAPACITY</u>	<u>Percentage of SRF Loan Repayment Obligation</u>
Corona	2.37 MGD	39.500%
Home Gardens	0.38	6.333
Jurupa	2.75	45.834
Norco	0.50	8.333
TOTAL EXPANSION	6.00 MGD	100.000%

General Revenue Obligations of the Expanders and Non-Expander for Odor Control Infrastructure and Centrifuge Equipment if Costs Exceed \$10/gallon

<u>MEMBER</u>	<u>CAPACITY</u>	<u>Percentage of SRF Loan Repayment Obligation</u>
Corona	2.37 MGD	16.929%
Home Gardens	1.00	7.143
Jurupa	6.00	42.856
Norco	2.70	19.286
Western	1.93	13.786
TOTAL CAPACITY	14.00 MGD	100.000%

Q. WHEREAS, on March 26, 2014, the Authority modified the distribution of payment obligations of the Parties for the Project's centrifuge equipment as follows:

The total purchase price for three centrifuges was listed as \$699,000 and is allocated in two groups based on pre-expansion needs (one centrifuge at a cost of \$233,000) and post-expansion needs (two centrifuges at a cost of \$466,000). Per the approved operation budget, the pre-expansion centrifuge purchase price of \$233,000 is to be invoiced to the Parties upon delivery, as follows:

Pre-expansion Centrifuge Cost Allocation

<u>MEMBER</u>	<u>MGD</u>	<u>PERCENTAGE</u>	<u>COST</u>
Corona	0.00	0.000	\$ 0.00
Home Gardens	0.62	7.750	\$ 18,057.50
Jurupa	3.25	40.625	\$ 94,656.25
Norco	2.20	27.500	\$ 64,075.00
Western	1.93	24.125	\$ 56,211.25
TOTAL	8.00	100.0%	\$233,000.00

The post-expansion centrifuge purchase price of \$466,000 was to be part of the Project cost and allocated among the Expanders.

Post-expansion Centrifuge Cost Allocation

<u>MEMBER</u>	<u>MGD</u>	<u>PERCENTAGE</u>	<u>COST</u>
Corona	2.37	39.500	\$ 184,070.00
Home Gardens	0.38	6.333	\$ 29,513.33
Jurupa	2.75	45.833	\$ 213,583.33
Norco	0.50	8.333	\$ 38,833.33
Western	0.00	0.000	\$ 0.00
TOTAL	6.00	100.0%	\$ 466,000.00

Actual installation costs for the three centrifuges will be a separate line item in the bid schedule with one-third allocated to pre-expansion centrifuge cost and two-thirds allocated to post-expansion centrifuge cost. All installation costs and the post-expansion purchase cost shall be included as Project costs within the Project Budget.

R. WHEREAS, on June 2, 2014 the Authority approved as part of the Project, the construction of appurtenant facilities to prepare for installation of a third digester either with the Project or at a later date for the benefit of all Parties. Estimated construction cost for preparation work needed as a part of the expansion Project is \$500,000. The cost estimate for construction (full build-out) of the third digester is \$3.0M including the above \$500,000 preparation work.

S. WHEREAS, the Authority, on behalf of Home Gardens, applied to the SWRCB for financial assistance from the Small Community Wastewater Grant (SCWG) fund equivalent to 100% of the Home Gardens' share of Project costs for 0.38 MGD of the 6.0 MGD proposed treatment plant expansion. The SCWG funding, if any, will be a reduction in the Authority's total SRF Loan repayment obligation with Home Gardens as the beneficiary.

T. WHEREAS, the Project addressed with this Amendment No. 3 to the Project Agreement is the construction of a 6.0 MGD treatment plant expansion from its current upgraded Capacity of 8.0 MGD to the proposed Capacity of 14.0 MGD with Capacity being defined as average daily flow (ADF) derived from the monthly metered quantity discharged to the treatment plant divided by the number of days between meter readings taken at the beginning and end of the month.

U. WHEREAS, the Parties have provided cash advances to the Project to finance expenses for the EIR, engineering studies, planning, design and cost allocation work associated with the expansion of the treatment plant and have agreed to wait for reimbursement so that the funds can be used for cash flow during construction.

V. WHEREAS, Corona has provided staff expertise and outside consultants to assist the Authority with the SRF Loan application preparation and processing to benefit all Parties and to assist the Authority with the SCWG application preparation and processing to benefit Home Gardens. Costs through September 1, 2014 include the following:

Moeder	SRF Loan Package Preparation	\$ 1,600.00
Blais	SRF Regulatory Consulting	\$ 31,430.51
Dunbar	SRF Environmental Documents	<u>\$ 25,000.00</u>
		\$ 58,030.00

W. WHEREAS, work for the Project include preliminary planning, environmental compliance, preliminary design, final design, SRF Loan and SCWG application processing, construction contract documents, construction bidding process, engineering support during construction, construction management services, and construction of the Project.

X. WHEREAS, Home Gardens, Jurupa, Norco, and Western hold certain capacity rights in the original 8.0 MGD treatment facilities and in the 8.4 MGD conveyance facilities as determined by previous agreements. Such capacity was known as Treatment and Disposal Capacity; Ultimate Capacity; and South Regional Interceptor and Pump Station Capacity; however, all such capacity has been redefined by the Project Agreement as Existing Capacity, Ultimate Capacity and Conveyance Capacity respectively.

Y. WHEREAS, examples of treatment facilities with unused Existing Capacity included solids handling and the administration building. Examples of treatment facilities with unused Ultimate Capacity included land and outfall facilities.

Z. WHEREAS, studies have been prepared by engineering firms including the initial study by Carollo and a subsequent study by the engineering team of Webb/Aqua wherein unused Existing Capacity was identified in various facilities as excess to that needed in the operation of the existing 8 MGD treatment plant that would benefit the Project.

AA. WHEREAS, by the Project Agreement there was 8.0 MGD of Existing Capacity and 11.63 MGD Ultimate Capacity at the treatment plant. All unused Ultimate Capacity in excess to the 8.0 MGD operation will be utilized by the Project; therefore, upon filing of the notice of completion for the Project, total Existing Capacity shall be 14 MGD and total Ultimate Capacity shall be defined as 14 MGD.

BB. WHEREAS, the Parties have pledged all unused Existing Capacity and Ultimate Capacity, excess to the needs of the 8.0 MGD facility for use by the Project and have pledged as much of the Corona Buy-In as deemed necessary for the Project as determined by the Parties reserving the possibility that all or a portion of the Corona Buy-In and its interest earnings could

be used for other expenditures including but not limited to administrative costs, operational costs and capital improvements.

CC. WHEREAS, after the design engineers incorporated all available unused Existing Capacity and Ultimate Capacity into the Project design, a total Project cost estimate was established by summation of previous expenditures, design contract amount and go forward cost estimating for the proposed 6.0 MGD treatment plant expansion.

DD. WHEREAS, the purpose of this Amendment No. 3 to the Project Agreement is to address:

- (i) Expanding the treatment plant capacity by 6.0 MGD, from its current capacity of 8 MGD to 14 MGD, the "Project";
- (ii) Funding all or part of the Project with the SRF Loan;
- (iii) Adding Home Gardens as an Expander;
- (iv) Applying Grant Funds, if successful, to forgive a portion or all the Home Gardens' share of expansion cost;
- (v) Revising the Project Budget for the 6.0 MGD expansion;
- (iv) Memorializing the allocation of Existing and Ultimate Treatment Capacity among Parties in the 14 MGD treatment plant; and
- (v) Allocating project costs associated with odor control facilities, centrifuge equipment and the third digester that benefit all Parties.

AGREEMENT

1. This Amendment No. 3 incorporates all recitals, terms and conditions of the Project Agreement, together with Amendment No. 1, and Amendment No. 2, except as modified by this Amendment No. 3.
2. Exhibit A attached to the Project Agreement is hereby deleted and replaced with a new Exhibit A attached hereto and made a part of this Amendment No. 3 to affirm the estimate of funds advanced for the 14 MGD Project.
3. Exhibits B through E attached to Amendment No. 2 to the Project Agreement are hereby deleted and replaced with new Exhibits B through E attached hereto and made a part of this Amendment No. 3 to adjust all calculations for the 14 MGD Project.
4. Exhibit F attached to Amendment No. 2 to the Project Agreement is hereby deleted, because the Expanders' capital cost allocations are now incorporated in Exhibits D and E attached hereto.
5. The Parties have provided cash advances to the Project to finance expenses for the EIR, engineering studies, planning and cost allocation work associated with the expansion of the treatment plant. Detailed estimates of cash advances are provided in Exhibit "A" attached hereto and made a part of this Amendment No. 3 to the Project Agreement. Actual cash advances shall be identified during the reconciliation process, and shall be refunded or credited to the appropriate Party after the filing of the Project's Notice of Completion. The language in Recital H of the Project Agreement is hereby deleted.
6. The language in Section 11 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The estimated budget for the Project is shown on Exhibit B attached hereto and made a part of this Amendment No. 3. Total cost of the Project has been reduced by utilizing unused Existing Capacity and Ultimate Capacity associated with the existing 8 MGD treatment plant. Prior to completion of the Project, total Existing Capacity was 8 MGD and total Ultimate Capacity was 11.63 MGD. However, such Existing Capacity and Ultimate Capacity are hereby redefined as 14 MGD each.

7. The language in Section 12 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Parties agree and affirm by this Amendment No. 3 that Corona's Buy-In is \$4.0 million.

8. The language in Section 13 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

A portion or all of Corona's Buy-In may be used as determined by the Parties to reduce the actual final cost of the Project after first being used for cash flow during the construction phase and subsequently to satisfy the State mandated SRF loan, debt service reserve requirement. The Buy-In shall allow Corona to share Existing Capacity, Ultimate Capacity and Rated Capacity. The distribution and reallocation of Rated Capacity after completion of the Project is shown on Exhibit C attached hereto and made a part of this Amendment No. 3. Such distribution of Existing Capacity, Ultimate Capacity and Rated Capacity hereby supersedes all prior agreements and resolutions allocating such Capacity to the Parties.

9. The language in Section 14 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

A New Cost Allocation Diagram depicting estimated contributions by the Parties, Corona's Buy-In, and total Project cost is shown in Exhibit D attached hereto and made a part of this Amendment No. 3.

10. The language in Section 15 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Expanders shall contribute their unused Existing Capacity and Ultimate Capacity, if any, to the Project and shall contribute Capital to the Project in proportion to the Expanders share of the Project. All Expanders shall pay the same per gallon cost excluding the project cost of odor control facilities, pre-expansion centrifuge equipment and the third digester all of which shall be the responsibility of all Parties if the Project cost exceeds \$10.00 per gallon. Examples showing the Parties' capital cost funding obligations are presented in Exhibit E attached hereto and made a part of this Amendment No. 3.

11. The language in Section 16 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Project shall be funded either totally or in part from the SRF Loan. The Parties' SRF Loan repayment obligations are provided in the September 25, 2013, Agreement between the Authority and its Member Agencies (i.e., the Parties) for the Repayment of State Revolving Fund Loan.

12. Corona's cost for assisting the Authority with the SRF Loan application preparation and processing to benefit all Parties shall be included as a Project cost, with reimbursement or credit to Corona from the Authority.

13. In the event the Authority realizes a reduction in the total amount of its SRF Loan repayment obligation as a result of an award of SCWG funds to Home Gardens, the Home Gardens obligation to repay its share of the Project costs shall be reduced by the amount of the SCWG awarded to the Authority on behalf of Home Gardens.

14. The reduction in Home Gardens' periodic loan repayment obligations shall be the total periodic payment due the State if there were no SCWG minus the payment requested by the State for the period in question. Differences, if any, between Authority, State and Home Gardens records for Home Gardens' repayment obligations shall be reconciled at the end of the SRF Loan repayment term with Home Gardens paying the Authority for any shortfall in total SRF Loan repayment and the Authority paying or crediting Home Gardens for any Home Gardens overpayment.

15. Corona's cost, if any, for assisting the Authority with the SCWG application preparation and processing to benefit Home Gardens shall be included as a Project cost with reimbursement or credit to Corona from the Authority, and solely an obligation of Home Gardens, payable by Home Gardens to the Authority.

16. The language in Section 17 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Non-Expander shall provide an In-Kind Contribution of unused Existing Capacity and Ultimate Capacity - excess to the 8.0 MGD facility - to the Project in lieu of a capital contribution and agrees that up to 100% of the City of Corona's \$4 million Buy-In may be used to reduce the cost of the Project (by first using the money for cash flow during construction and then by applying the Buy-In amount to the State mandated reserve fund) and in return share in the benefits of lower annual O&M costs upon completion of the Project. The Non-Expander's contribution of unused capacity together with the Non-Expander's pass-through of Corona's Buy-In constitutes payment in full by the Non-Expander for the Non-Expander's share of the Project Budget, excluding its project cost share of odor control improvements, pre-expansion centrifuge equipment and the third digester project costs as provided herein. No other contributions shall be required of the Non-Expander in the event change orders or upgrades are needed to bring the expansion components to a full 6 MGD excluding its share of odor control improvements, pre-expansion centrifuge equipment and the third digester.

17. The language in Section 18 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

After the filing of the Notice of Completion for the Project, the Parties shall be provided credit and/or refunds for their advance cash deposits from any available Corona Buy-In funds (after satisfying the SRF debt service reserve requirement) and other Project funds. Estimates of advance cash deposits are shown herein on Exhibit A of this Amendment No. 3 to the Agreement. However, cash on hand from Corona's Buy-In and advance payments by the Parties shall first be used by the Authority to meet cash flow requirements during construction such as the monthly payments to the construction contractor, construction management firm and engineering support firm.

18. The language in Section 19 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Project shall be funded from the SRF Loan and the Corona Buy-In money to the extent possible. Corona Buy-In money shall be used to satisfy the State mandated debt service reserve fund (consisting of one year's debt service payment obligation) until the final year of debt service when the Corona Buy-In money may be used to make the final Project installment payment. Fiscal liabilities for Project costs above the sum of the SRF Loan and available Corona Buy-In money shall be proportioned equitably among the Parties as demonstrated by examples in Exhibit E.

19. The language in Section 20 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

Should any funds remain in the Project Work Order Fund upon completion of the Project after all advance deposits have been paid or credited and final accounting has been completed, the amount shall be brought to the attention of the Executive Committee and the Authority's Board

of Directors with a staff recommendation for disposition, including but not limited to buy-down of the SRF Loan obligation.

20. The language in Section 21 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

The Parties agree that if a, favorable unit cost of \$10 per gallon for the Project is realized, it is most likely a result of the Project incorporating unused capacity that is excess to the needs of the 8 MGD treatment plant. If after final audit of expenditures, the total Project cost exceeds the unit cost of \$10 per gallon plus \$4 million Buy-In (\$64 million total) it is possibly the result of excess capacity being fully utilized and the cost of additional odor control facilities, pre-expansion centrifuge equipment installation and the third digester that benefit the operation for all Parties. Therefore, if the audit of expenditures indicates the \$10 per gallon threshold was exceeded due to project costs for added odor control facilities, pre-expansion centrifuge installation and the third digester for the benefit of all Parties, all Parties shall share in the amount exceeding \$64 million up to the actual project cost of odor control facilities estimated at \$4.23 million, pre-expansion centrifuge installation estimated at \$0.33 million and the third digester estimated to range from \$0.65 million for prep work to \$3.90M for the third digester build-out, a total project cost range of \$5.20 - \$8.45 million. The odor control facility construction cost estimate was presented to the Authority's Board of Directors July 31, 2012, in the amount of \$3,250,000. The pre-expansion centrifuge installation cost was derived from the total budget of \$1,200,000 approved by the Authority's Board of Directors, with the approval of the Authority's 2013-2014 budget document and Board of Directors' approval of purchase costs March 26, 2014, with \$233,000 for purchase of one centrifuge, estimating nearly the same cost \$250,000 for installation. The third digester cost estimate was prepared by Webb/Aqua and reviewed by the Technical Advisory Committee April 9, 2014 and the Executive Committee April 10, 2014. Estimated project cost for each facility was derived by multiplying the estimated construction cost by a factor of 1.3, representing construction bid costs for the Project. The 1.3 factor was calculated from the SRF Loan application showing total Project cost of \$72.62 million and construction bid of \$55.50 million for the 6 MGD expansion. Actual cost for odor control facilities, pre-expansion centrifuge installation and the third digester shall be determined by line items in the bidding documents and/or change order amounts for the third digester if the third digester is constructed. Bid item amounts together with related change orders shall be multiplied by the above factor of 1.3 to determine actual project cost sharing for the odor control facilities, pre-expansion centrifuge installation and the third digester.

**Approximate Project Cost Allocations for the Odor Control Facilities,
Pre-Expansion Centrifuge Installation, and the Third Digester from Exhibit E**

<u>Member</u>	<u>Odor Control</u>	<u>Centrifuge</u>	<u>Digester Prep vs. Build-Out</u>		<u>Total Range</u>
Corona	\$0.72	\$0.00	\$0.11	\$0.66	\$0.83-\$1.38 M
Home Gardens	\$0.30	\$0.03	\$0.05	\$0.28	\$0.38-\$0.61 M
Jurupa	\$1.81	\$0.13	\$0.28	\$1.67	\$2.22-\$3.61 M
Norco	\$0.81	\$0.09	\$0.13	\$0.75	\$1.03-\$1.65 M
Western	\$0.58	\$0.08	\$0.09	\$0.54	\$0.75-\$1.20 M
Approx. Totals*	\$4.23	\$0.33	\$0.65	\$3.90	\$5.20-\$8.45 M

* The above totals match Exhibit E totals. Summations of the above elements have rounding errors due to two place accuracy.

CAPACITY ALLOCATIONS IN THE COMPLETED 14.0 MGD TREATMENT PLANT

<u>Member</u>	<u>Capacity Right MGD</u>	<u>Percentage of Total</u>
Corona	2.37	16.92857%
Home Gardens	1.00	7.14286%
Jurupa	6.00	42.85714%
Norco	2.70	19.28571%
<u>Western</u>	<u>1.93</u>	<u>13.78571%</u>
TOTAL CAPACITY	14.00	100 %

21. The language in Section 22 of Amendment No. 2 of the Project Agreement is hereby deleted and replaced with the following:

Pursuant to the Authority's construction contract documents the Authority's Board of Directors shall review Bids and consider award of construction contract within 60 days of the Bid Opening. The Board of Directors shall:

- A. Accept or reject any or all Bids, or any alternates;
- B. Award the Contract to any of the qualified Bidders;
- C. Increase or decrease the quantity of any of the Bid Items at the Unit Price;
- D. Waive any immaterial defects and/or accept any immaterial irregularities or clauses deemed acceptable to the Authority.

If the Authority's Board of Directors rejects all Bids it shall direct staff and consultants to review the scope of the Project with the Authority's Executive Committee and return to the Board of Directors a recommendation for a revised Project and/or revisions to this Amendment No. 3.

IN WITNESS WHEREOF, the Parties hereto have executed this Amendment No. 3 on the month, day and year shown below.

CITY OF CORONA

Dated: _____

By _____
Its General Manager

Dated: _____

By _____
Its City Clerk, Chief deputy

CITY OF NORCO

Dated: _____

By _____
Its General Manager

Dated: _____

By _____
Its City Clerk

HOME GARDENS SANITARY DISTRICT

Dated: _____

By _____
Its President

Dated: _____

By _____
Its Secretary

JURUPA COMMUNITY SERVICES DISTRICT

Dated: _____

By _____
Its President

Dated: _____

By _____
Its Secretary

WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY

Dated: _____

By _____
Its President

Dated: _____

By _____
Its Secretary

**Exhibit A
Amendment No. 3
to the
Authority's Project and Capacity Agreement
for the
14 MGD PROJECT**

Estimate of Funds Advanced for the 14 MGD Project

June 2009

At its June 2009 meeting the Authority's Board of Directors approved Memorandum No. 676 and its funding concept for expenditures related to the Carollo Engineering contract of \$440,000 for preliminary design for treatment plant upgrade and expansion, subsequently amended by the Board May 10, 2010 with an additional \$41,406 to evaluate the effectiveness of drop-in aerators for a total contract of \$481,406. The contract was terminated with an unused balance of \$17,993 yielding a total expenditure of \$463,413. The Board approved funding from the Parties on the basis of Existing Capacity owned in the 8 MGD treatment plant with final cost to be reconciled after the expansion cost allocation study was complete.

WRCRWA Member Agency	Existing Capacity (MGD)	Percent of Total	Pre-Design Allocation 2009	Amended Allocation 2010	Total Contract	Allocation based on Total Paid
WMWD	1.93	24.125	\$106,150	\$ 9,989	\$116,139	\$111,798
JCSD	3.25	40.625	\$178,750	\$16,821	\$195,571	\$188,261
Norco	2.20	27.500	\$121,000	\$11,387	\$132,387	\$127,439
HGSD	0.62	7.750	\$ 34,100	\$ 3,209	\$ 37,309	\$ 35,915
TOTAL	8.00	100.00	\$440,000	\$41,406	\$481,406	\$463,413

Final reconciliation based on Board Memorandum No. 676 and this Amendment No. 3 to the Project Agreement provides a refund or credit to the Parties, payable after construction has been completed. Each refund shall be no greater than the actual funds paid by each Party.

(This item is a part of the "Funds Previously Advanced by Parties" in the budget shown hereafter in Exhibit B.)

<u>Agency</u>	<u>Approx. Refund</u>
WMWD	\$111,798
JCSD	\$188,261
HGSD	\$ 35,915
Norco	\$127,439
Corona	\$ 0
TOTAL	\$463,413

Exhibit A continued

August 2009

At its August 12, 2009 meeting the Authority's Board of Directors approved Memorandum No. 686 and its funding concept for expenditures related to the EIR for treatment plant enhancement and expansion. Funding was initially based on Existing Capacity owned in the 8 MGD treatment plant with final cost to be reconciled after the expansion cost allocation study was complete.

WRCRWA Member Agency	Existing Capacity (MGD)	Percent of Total	EIR Cost Allocation 2009	EIR Added Allocation 2010	Total EIR Cost 2011
WMWD	1.93	24.125	\$ 14,475	\$1,428	\$15,903
JCSD	3.25	40.625	\$ 24,375	\$2,405	\$26,780
Norco	2.20	27.500	\$ 16,500	\$1,628	\$18,128
HGSD	0.62	7.750	\$ 4,650	\$ 459	\$ 5,109
TOTAL	8.00	100.00	\$ 60,000	\$5,920	\$65,920

Final reconciliation based on Board Memorandum No. 686 and this Amendment No. 3 to the Project Agreement provides a refund or credit to the Parties, payable after construction has been completed. Each refund shall be no greater than the actual funds paid by each Party.

(This item is a part of the "Funds Previously Advanced by Parties" in the budget shown hereafter in Exhibit B.)

Agency	Approx. Refund
WMWD	\$ 15,903
JCSD	\$ 26,780
HGSD	\$ 5,109
Norco	\$ 18,128
Corona	\$ 0
TOTAL	\$ 65,920

March 2011

At its March 31, 2011 meeting the Authority's Board of Directors approved Memorandum No. 723 and its funding concept for the first \$500,000 of expenditures for preliminary Webb/Aqua design to a level of 10% and consideration of at least two alternatives: a 2 MGD expansion and a 4 MGD expansion of the existing 8 MGD treatment plant. This Amendment No. 3 to the Project Agreement provides for reconciliation based on the following.

	Percent of Total	Initial Maximum	Webb/Aqua Contracts
HGSD	0	0	0
WMWD	0	0	0
JCSD	80%	\$400,000	\$326,537
Norco	10%	\$ 50,000	\$ 40,817
Corona	10%	\$ 50,000	\$ 40,817
TOTAL	100%	\$500,000	\$408,171

Exhibit A continued

Final reconciliation based on Board Memorandum No. 723 and this Amendment No. 3 to the Project Agreement provides a refund or credit to the Parties, payable after construction has been completed. Each refund shall be no greater than the actual funds paid by each Party.

(This item is a part of the "Funds Previously Advanced by Parties" in the budget shown hereafter in Exhibit B.)

<u>Agency</u>	<u>Approx. Refund</u>
WMWD	\$ 0
HGSD	\$ 0
JCSD	\$ 400,000
Norco	\$ 50,000
<u>Corona</u>	<u>\$ 50,000</u>
TOTAL	\$ 500,000

Amendment No. 1 2012

At its July 31, 2012 meeting the Board of Directors considered Memorandum No. 766 and approved Amendment No. 1 to the Project Agreement wherein Jurupa and Norco pledged advanced payments of \$575,000 and \$75,000 respectively to assure work under the Webb/Aqua contract as amended would continue. Payments were part of the Webb/Aqua Design Contract for expansion to 12 MGD, the Webb/Aqua Design Contract Amendment 1 for expansion to 13.25 MGD and Webb/Aqua Design Contract Amendment 2 for expansion to 14 MGD, a total of \$3,260,770. Final reconciliation based on this Amendment No. 3 to the Project Agreement provides a refund or credit to the Parties, payable after construction has been completed. Each refund shall be no greater than the actual funds paid by each Party.

(This item is a part of the "Soft Cost/Design {Webb/Aqua 10-23-13}" as shown in the budget hereafter in Exhibit B.)

<u>Agency</u>	<u>Percent of Total</u>	<u>Paid in 08-17-12</u>
HGSD	0	\$ 0
WMWD	0	\$ 0
JCSD	88.46	\$575,000
Norco	11.54	\$ 75,000
<u>Corona</u>	<u>0</u>	<u>\$ 0</u>
TOTAL	100%	\$650,000

**Exhibit B
Amendment No. 3
to the
Authority's Project and Capacity Agreement
for the
14 MGD PROJECT**

**The 14 MGD Project Budget
\$72.62 Million**

The Project: Construct additional facilities and utilize unused Existing Capacity and Ultimate Capacity to expand the existing, 8 MGD treatment plant by 6 MGD to create a 14 MGD treatment plant.

The Project Budget: The Budget is based on previous expenditures for EIR, planning and preliminary design; and, ongoing administration; final design; and the design engineers' go forward cost estimate for construction of the 14 MGD Project prepared by Webb Engineering June 2014 in the amount of \$72,620,000.

SRF CATEGORY	DETAIL	SRF LOAN APPLICATION
PLANNING		\$ 1,160,000
	PLANNING PREVIOUSLY	
	ADVANCED BY MEMBERS \$ 937,504	
	(for EIR & Prelim Design but	
	excludes the Norco & Jurupa	
	\$650k advance for final design)	
	PLANNING NOT ADVANCED \$ 222,496	
HARD COSTS		\$ 61,810,000
	BID AMOUNT \$ 55,500,000	
	EQUIPMENT PREPURCHASE \$ 760,000	
	CHANGE ORDERS 10% \$ 5,550,000	
Design	\$ 4,000,000	\$ 4,000,000
	(includes the Norco & Jurupa	
	advance of \$650k for final design)	
ADMINISTRATION	\$ 150,000	\$ 150,000
CONSTRUCTION MGT	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>
		\$ 72,620,000

**Exhibit C
Amendment No. 3
to the
Authority's Project and Capacity Agreement
for the
14 MGD PROJECT**

**Distribution of Existing Capacity, Ultimate Capacity & Capacity Right
in the 14 MGD Project***

BEFORE the 14 MGD Project

	Existing Capacity MGD	Ultimate Capacity MGD	Proposed Expansion MGD	Percentage of Total Expansion
Corona	0	0	2.37	39.500%
HGSD	.62	.75	0.38	6.333%
JCSD	3.25	3.23	2.75	45.833%
Norco	2.20	2.50	0.50	8.333%
WMWD	1.93	5.15	0.00	0.000%
TOTAL	8.0	11.63	6.00	100 %

AFTER the 14 MGD Project

	Existing Capacity MGD	Ultimate Capacity MGD	Capacity Right & Rated Capacity ** MGD	Percentage of Total Rated Capacity
Corona	2.37	2.37	2.37	16.9286%
Home Gardens	1.00	1.00	1.00	7.1429%
Jurupa	6.00	6.00	6.00	42.8571%
Norco	2.70	2.70	2.70	19.2857%
Western	1.93	1.93	1.93	13.7857%
TOTAL CAPACITY	14.00	14.00	14.00	100%

* Capacity is defined as average daily flow (ADF) derived from the monthly metered quantity discharged to the treatment plant divided by the number of days between meter readings taken at the beginning and end of the month.

** Each Party's share of Rated Capacity shall be its Capacity Right.

**Exhibit D
Amendment No. 3
to the
Authority's Project and Capacity Agreement
for the
14 MGD PROJECT**

**COST ALLOCATION DIAGRAM
FOR THE 6.00 MGD EXPANSION**

**USING the 14 MGD PROJECT BUDGET of \$72.62 MILLION
AND FINAL PROJECT COSTS IN THE 20TH YEAR**

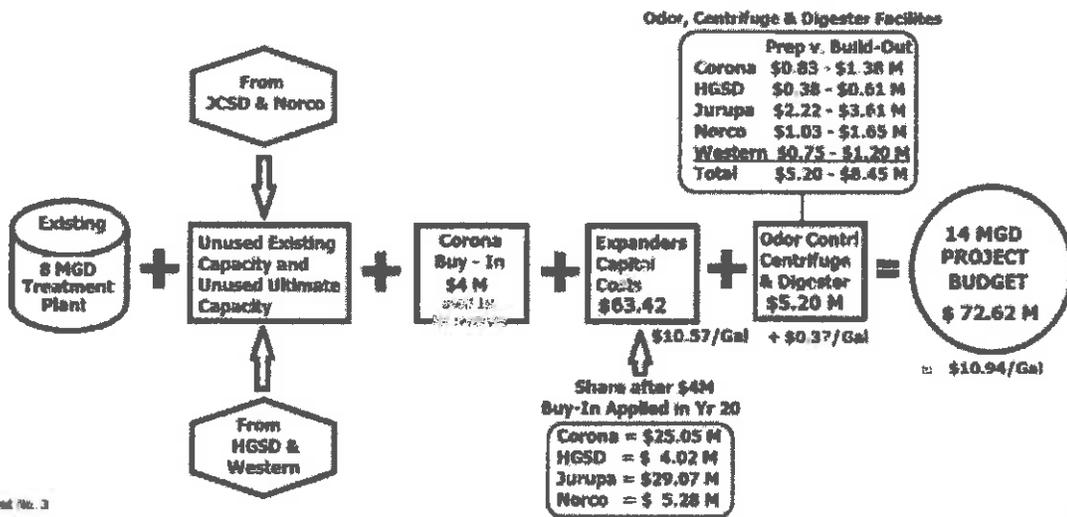


Exhibit D,
Amendment No. 3

12

NOTES:

1. Odor control facilities, pre-expansion centrifuge installation and the third digester that have a project cost estimate of \$4.23, \$0.33M and \$0.65M-\$3.90 respectively for a minimum cost estimate of \$5.2M. If the digester is constructed in its entirety the total estimated cost is \$8.45M (\$4.23+\$0.33+\$3.90).
2. Reference Webb/Aqua estimate dated June 1, 2012 for odor control construction cost of \$3.25 M.
3. Reference the WRCRWA 2013-14 CIP Budget approved June 3, 2013 for centrifuge construction cost of \$1.2 M. The \$0.25M estimate is for installation of one centrifuge only that benefits the users of the existing 8 MGD plant. The actual construction cost shall be calculated by taking one-third of the centrifuge installation bid line item that represents installation cost for three digesters.
4. Project costs are derived using construction cost estimates times 1.3 based on SRF application.
5. Reference the handout material provided to the Executive Committee at its meeting April 10, 2014, for detail of the digester construction cost options ranging from \$0.50M for prep work to \$3.0M for construction (build-out) of the third digester; or project cost (x 1.3) of \$0.65M to \$3.90M.
6. Actual project cost of odor control facilities, pre-expansion centrifuge installation and the third digester will be used to determine Parties allocations, based on the line item bid amount and change order amounts, if any. See Exhibit E herein.
7. Corona Buy-In money will be used to fund the State mandated debt service reserve consisting of one year of debt service payments, estimated at approximately \$4.4 million for the \$72.62 million Project. Members shall fund the debt service reserve deficit of \$0.40M at close of construction (\$4.40M-\$4.0M).

**Exhibit E
Amendment No. 3
to the
Authority's Project and Capacity Agreement
for the
14 MGD PROJECT**

**Capital Cost Allocation Examples
Attached from XLS Showing Cost Share
with \$4 M Buy-In set aside for State Mandated Debt Service Reserves**

Exhibit E to Amendment No. 3 to the Authority's Project and Capacity Agreement

SRF Loan Interest Rate and Term	20 Years @ 1.90%	%	Estimated Construction Cost for Odor, Centrifuge & Digester
Maximum SRF Loan =	\$72.62	Million	(Odor=\$3.25M, Centrifuge=\$0.25M, Digester=\$0.5M = \$3.9M)
\$10/gal Threshold is subject to 6 MGD + Payoff =	\$64.00	Million	
Available Buy-In for Reserve Fund =	\$4.00	Million	
Total Project Expansion Capacity :	6.00	MGD	
Ratio of Bid Amount/Total Project: 55/75	76.43%		
Note 1: Using Webcast amount of \$72.6M (see 2014)			

	Project Cost Using 1.3 Times Bid Amount		Bid Amt	Proj Cost	Bid Amt	Proj Cost
	Digester Prep	Digester Build-Out				
Odor Control	\$3.25	\$4.23	\$3.25	\$4.23		
One Centrifuge Installat'n	\$0.25	\$0.33	\$0.25	\$0.33		
Digester Prep or Buildout	\$4.00	\$5.20	\$3.90	\$5.00	\$3.90	\$5.00
			\$72.62	\$96.50	\$72.62	\$96.50

Revenue NOT Funded	Revenue NOT Funded
Includes Odor, Centrifuge & Digester Buildout	Includes Odor, Centrifuge & Digester Buildout
\$72.62	\$72.62
\$4.40	\$4.40
\$75.22	\$75.22
\$75.52	\$75.52
\$64.00	\$64.00
\$4.23	\$4.23
\$0.33	\$0.33
\$3.90	\$3.90
\$8.45	\$8.45
\$2.50	\$2.50
3.84%	3.84%
96.16%	96.16%
\$12.59	\$12.59
\$57.72	\$57.72

SRF Funding	
SRF Debt Service Reserve Fund Requirement	
Total Actual Project Cost	\$4.40
Project Cost minus Buy-In & Adding Reserve of \$10/GALLON THRESHOLD	\$4.40
Odor Control Payment	\$4.23
PreExpansion Centrifuge Payment	\$0.33
Digester Prep or Full Buildout Payment	\$3.90
Total Odor, Centrifuge & Digester	\$8.45
SRF Shortfall including Debt Reserve	\$2.50
Percent Unfunded including debt reserve	3.84%
Percent Funded: SRF/(Total Proj Cos + Debt Reserve)	96.16%
Per-Gallon Cash Flow Requirement Prior to 10th Year	\$12.59
Estimated Construction Bid Using Ratio of	\$57.72
	76.43%

(Page 1)

Exhibit E
continued

Exhibit E to Amendment No. 3

Odor & Digester & Centrifuge Actuals
FUNDING (SRF & Any SRF Used for Project Costs)
Project Cost + Debt Reserve minus Carona Buy-In

	Percent	Share of * Funded	Share of Funded	Total	Minus	Times
CORONA Expansion 2.37 MGD						
Expansion 2.37/6 mgd	39.500%	\$26.79	\$26.49	\$73.02	\$5.20	39.500%
Odor Control 2.37/14 MGD	16.929%	\$0.72	\$0.72	\$0.89		
Pre-Expansion Centrifuge Install 0.0/8 mgd	0.000%	\$0.11	\$0.66	\$0.63		
Digester Prep or Buildout 2.37/14 mgd	19.979%	\$27.61	\$27.87	\$26.80		
Total Share and Total Funded		\$1.66	\$1.62			
Estimated Annual Payments @ 20 yr and Funds Advanced vs. Cash Required	1.900%	\$0.041	0.151			

< Difference to be paid at end of reconstruction

	Percent	Share of * Funded	Share of Funded	Total	Minus	Times
Home Gardens Expansion 0.38 MGD						
Expansion 0.38/6 mgd	8.333%	\$4.30	\$4.27	\$4.08		
Odor Control 1.0/14 MGD	7.143%	\$0.30	\$0.30	\$0.29		
Pre-Expansion Centrifuge Install 6/8 mgd	7.750%	\$0.03	\$0.03	\$0.02		
Digester Prep or Buildout 1.0/14 mgd	7.143%	\$0.05	\$0.28	\$0.27		
Total Share and Total Funded		\$4.67	\$4.67			
Estimated Annual Payments @ 20 yr and Funds Advanced vs. Cash Required	1.900%	\$0.28	0.025			

< Difference to be paid at end of construction

	Percent	Share of * Funded	Share of Funded	Total	Minus	Times
Jurupa Expansion 2.75 MGD						
Expansion 2.75/6 mgd	45.833%	\$31.08	\$30.91	\$29.96		
Odor Control 6.0/14 MGD	42.857%	\$1.81	\$1.80	\$1.74		
Pre-Expansion Centrifuge Install 3 2/8 mgd	40.625%	\$0.13	\$0.13	\$0.13		
Digester Prep or Buildout 6.0/14 mgd	42.857%	\$0.28	\$1.67	\$1.61		
Total Share and Total Funded		\$33.30	\$33.12	\$33.04		
Estimated Annual Payments @ 20 yr and Funds Advanced vs. Cash Required	1.900%	\$2.01	0.382			

< Difference to be paid at end of construction

Exhibit E
continued

Exhibit E to Amendment No. 3

Odor & Digester & Centrifuge Actuals
FUNJING (SRF & Any Buy-In Used for Project Costs)
Project Cost + Debt Reserve minus Corona Buy-In

Reserve NOT Funded Includes Odor, Centrifuge & Digester Buildout	
\$8,45	
\$72.62	
\$73.02 *	

Reserve NOT Funded Includes Odor, Centrifuge & Digester Buildout	
\$8,45	
\$72.62	
\$75.52	

	Percent	Share of *	Funded
Narco Expansion 0.50 MGD			
Expansion 0.5/3 mgd	8.333%	\$5.65	\$5.82
Odor Control 2.7/14 MGD	19.2857%	\$0.81	\$0.81
PreExpansion Centrifuge Install 2.2/8 mgd	27.500%	\$0.09	\$0.09
Digester Prep or Buildout 2.7/14 mgd	19.2856%	\$0.13	\$0.12
Total Share and Total Funded		\$6.58	\$6.64
Estimated Annual Payments @ 20 yr and Funds Advanced vs. Cash Required	1.900%	\$0.40	\$0.278

	Total	Minus	Times
	\$73.02	\$5.20	8.333%
Share of *	Funded		
\$5.59	\$5.37		
\$0.91	\$0.78		
\$0.09	\$0.09		
\$0.75	\$0.72		
\$7.25	\$6.97		
\$0.42			
\$0.278			

Difference to be paid at end of construction

Western Expansion 0.0 MGD
Expansion (0-0/6)
Odor Control 1.93/14 MGD
PreExpansion Centrifuge Install 1.93/8 mgd
Digester Prep or Buildout 1.93/14 mgd
Total Share and Total Funded
Estimated Annual Payments @ 20 yr and
Funds Advanced vs. Cash Required

	Percent	Share of *	Funded
Expansion 0.0/6	0.000%	\$0.00	\$0.00
Odor Control 1.93/14 MGD	13.785%	\$0.58	\$0.59
PreExpansion Centrifuge Install 1.93/8 mgd	24.125%	\$0.08	\$0.08
Digester Prep or Buildout 1.93/14 mgd	13.786%	\$0.09	\$0.09
Total Share and Total Funded		\$0.75	\$0.75
Estimated Annual Payments @ 20 yr and Funds Advanced vs. Cash Required	1.900%	\$0.05	\$0.004

	Total	Minus	Times
	\$73.02	\$5.20	0.000%
Share of *	Funded		
\$0.00	\$0.00		
\$0.58	\$0.55		
\$0.08	\$0.08		
\$0.54	\$0.52		
\$1.20	\$1.15		
\$0.07			
\$0.128			
0.046			

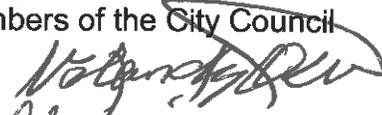
Difference to be paid at end of construction

* Share of Project Cost using Buy-In money for SRF Debt Service Reserve Fund.

Annual Payment Calculations (SRF @ Term Years & Interest Rate)	Years	Interest	CRF
	20	1.90	0.0505

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Cheryl L. Link, City Clerk 

DATE: November 19, 2014

SUBJECT: **Ordinance No. 981, Second Reading:** Code Amendment 2014-06. A City-initiated Proposal to Amend Chapter 6.42 "Municipal Refuse Collection Service" of the Norco Municipal Code by Amending Sections 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.101, 6.42.106, 6.42.107, 6.42.108, and 6.42.110.

RECOMMENDATION: Adopt **Ordinance No. 981** for second reading.

SUMMARY: The first reading of Ordinance No. 981 was held on November 5, 2014 and adopted by the City Council with a 5-0 vote. Ordinance No. 981 amends Chapter 6.42, Sections 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.101, 6.42.106, 6.42.107, 6.42.108, and 6.42.110 of the Norco Municipal Code. Ordinance 981 will update and address non-franchise haulers franchise fee rates, address business license and reporting requirements, as well as amendments necessary to conform billing provisions to Chapter 14.04.

Attachment: Ordinance No. 981

ORDINANCE NO. 981

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORCO AMENDING CHAPTER 6.42 "MUNICIPAL REFUSE COLLECTION", SECTIONS 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.101, 6.42.106, 6.42.107, 6.42.108, AND 6.42.110 UPDATING REQUIREMENTS FOR REFUSE COLLECTION AND WASTE DISPOSAL

WHEREAS, Title 6, Chapter 6.42 of the Norco Municipal Code establishes the requirements of municipal collection services; and

WHEREAS, a code amendment is needed in order to be in compliance with state laws and regulations regarding refuse collection and to be consistent with the City's new franchise fee rates.

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

Chapter 6.42, Sections 6.42.020, 6.42.030, 6.42.070, 6.42.080, 6.42.101, 6.42.106, 6.42.107, 6.42.108 and 6.42.110 of the Norco Municipal Code shall be amended to read as follows:

SECTION 1:

6.42.020 License—Required Exceptions.

It shall be unlawful for any person to collect or transport refuse or recyclable materials in the incorporated area of the City without an unrevoked current license issued by the City. Applications for a license shall be made to the City upon an approved form. Persons hauling refuse or garbage from their residences or refuse or garbage produced in the course of their own business or occasional hauling for others where there is no charge for such service shall not be required to comply with the equipment standards set forth in this chapter. In the event that the City determines pursuant to Public Resources Code, Section 40059, to award an exclusive franchise to provide for refuse collection, recycling and disposal in residential and/or commercial/industrial areas of the City, it shall be unlawful for any person or entity other than the franchisee to collect, recycle or dispose of refuse, including recyclable materials generated within the City.

In the event that the City, pursuant to Public Resources Code, Section 40059, awards an exclusive franchise to provide for refuse collection, recycling and disposal services, a franchise fee based on a percent of franchisee's gross revenues from all services shall be imposed by the City to defray the costs of maintaining and repairing City rights-of-way affected by heavy equipment used by the franchisee. The franchise fee shall be charged as follows:

Dates	Commercial	Residential
July 1, 2014	12.63%	11.58%
July 1, 2015	15.27%	13.16%
July 1, 2016	17.90%	14.74%
July 1, 2017	17.90%	16.32%
July 1, 2018	17.90%	17.90%

To the extent that any provision of the franchise agreement is inconsistent with this chapter, the provision of the franchise agreement shall prevail. Notwithstanding the above, this provision shall specifically not preclude individual residential property owners from recycling personally any of their own refuse; nevertheless, all persons and entities shall be required to participate in any franchise program enacted by the City pursuant to the California Integrated Waste Management Act of 1989. In the event that an eligible property owner, such as a government entity, lawfully contracts with a waste hauler other than the exclusive franchisee for refuse collection, recycling and disposal services, a franchise fee as listed above of hauler's gross revenues from all services may shall be imposed by the City to defray the costs of maintaining and repairing City rights-of-way affected by heavy equipment used by the private contractors. Any waste hauler not bound to an exclusive franchise agreement shall provide detailed quarterly reports on its activities in a form approved by the City. (Ord. 918 Sec. 1, 2010; Ord. 633, 1993; Ord. 433 Sec. 2, 1979)

6.42.030 License—Issuance—Fees—Tags.

All licenses shall be issued to expire at the end of the fiscal year. The fees therefor shall be \$50.00 per year for the first truck, and \$25.00 per year for each additional truck operated by the permittee. The fee for a fraction of a year shall be prorated on a monthly basis. No fees shall be refunded, but the City Manager may authorize transfer of the license for one vehicle to another upon surrender of the license for appropriate amendment, and payment of a transfer fee of \$5.00. A license may be revoked by the City Manager upon 10 days' notice to the permittee for failure to conform to the provisions of this chapter. Notice may be served personally or by registered or certified mail addressed to the last place of business or residence by the permittee as shown in the City records.

- (1) The City shall provide for each truck operated by the permittee a distinctive and durable tag which shall be securely fastened and maintained by the permittee on each vehicle so as to be clearly visible from the rear.
- (2) The City Manager may revoke the tag of any truck that fails to meet the requirements of this chapter and such truck shall not be used for the collection or transportation of garbage or refuse until a tag is reissued.
- (3) Exceptions for Outside Collectors. This chapter shall not prohibit collectors of refuse from outside of the City from hauling such refuse over City streets; provided,

such collectors comply with the provisions of this chapter and with any other governing law or ordinances. (Ord. 433 Sec. 3, 1979)

(4) All persons, firms, partnerships, associations, companies, and organizations doing business within the City of Norco corporate boundaries are required to obtain a City Business License.

6.42.070 Refuse containers.

(a) Duty to Provide and Maintain in Sanitary Condition. Refuse containers shall be provided by the waste hauler. Refuse containers shall be maintained in good and sanitary condition at all times by residents. Any container that may become damaged shall be replaced by the waste hauler pursuant to the terms of their agreement.

(b) Garbage. Garbage containers shall be of metal, plastic or otherwise impervious material, equipped with suitable handles and tight-fitting covers, and shall be water tight.

(1) Capacity. All containers shall be sized pursuant to the approved agreement and supplied by the waste hauler.

(c) Refuse and Rubbish. Refuse and rubbish containers shall be made of metal, plastic, or otherwise impervious material, and have a capacity as provided by the waste hauler.

6.42.080 Collection practices.

(a) Frequency of Collection. All refuse accumulated from all single-family and multi-family units shall be collected at least once each week.

(b) Limitation on Time Containers May Remain Out Before and After Collection. In no event shall refuse and garbage containers remain in the vicinity of any right-of-way either before or after collection for a total time period of over twenty-four hours.

(c) Limitation on Quantity. A reasonable accumulation of refuse shall be collected from each household and the refuse containers shall have a capacity as supplied by the waste hauler per the approved agreement.

(d) Dumping Trash on Street. No person shall dispose of or dump upon any public property, street, or alley of the City, or upon any property of another, except such property as may be provided and set apart for such use by the City, any tin cans, bottles, junk, trash or rubbish or any waste matter of any kind or composition. The city council may enter into a contract for the collection and disposal of said material and rubbish, and may provide such rules for the regulation thereof as it may from time to time deem best and necessary.

(e) Dumping Trash on Private Property. No person shall dispose of or dump upon any private property within the city any tin cans, bottles, junk, trash or rubbish or any waste material or any kind or composition.

(f) Collection.

(1) Requirements for Vehicles. Collectors of refuse and/or garbage who desire to haul over the streets of the City of Norco shall use a watertight vehicle provided with a tight cover and so operated as to prevent offensive odors escaping therefrom, and refuse from being blown, dropped or spilled.

(2) Disposal. Disposal of refuse or garbage by persons so permitted under subsection (a) above shall be made outside the city limits, unless otherwise specifically authorized by the City. (Ord. 433 Sec. 8, 1979)

6.42.101 Charges-Billing and collection

Every occupant or owner of residential property or premises in the city of Norco shall be billed as provided for in the Section 14.04.300 of the City of Norco Municipal Code.

6.42.106 Payment of Bills

The billing for refuse collection charges shall appear on the same bill as that for water services. The total amount for all refuse shall be payable as provided for in Section 14.04.310 of the City of Norco Municipal Code. Refuse collection charges billed by the City are due and payable upon deposit by the City in the United States mail. On each bill the following language shall be printed thereon: "If payment in full of this bill is not received by the City's Finance Department at 2870 Clark Avenue, Norco, California on or before the forty-fifth day after said bill was deposited by the City in the United States mail, water service may be discontinued. If service is discontinued for nonpayment, a reconnection charge, collection fee and penalties pursuant to Section 14.04.325 of the City's Municipal Code shall be paid to the City prior to City restoring said services (Ord. 887, Sec. 2; 2008; Ord. 574 Sec. 2 (part), 1987)

6.42.107 Penalty

Any refuse collection billing that is not paid on the due date is subject to penalties as provided for in Section 14.04.355 of the City of Norco Municipal Code. Any refuse collection billing which is unpaid in whole or in part after the twenty-fifth day after the bill is deposited in the United States mail pursuant to Section 6.42.106 is declared delinquent. A penalty in the amount of ten percent of the unpaid balance of such bill, including any charges stated therein shall be imposed thereon. The City Manager or Finance Director shall have the authority to waive or remove penalty charges for reasonable causes. (Ord. 574 Sec. 2 (part), 1987)

6.42.108 Disconnection of water service for nonpayment of refuse collection charges

The city may discontinue water service to any person who has not paid in full any bill for refuse collection service including all penalties and late charges thereon on or before the fifteenth day after the date of delinquency as provided in Section 6.42.107. At least ten days prior to such discontinuance the delinquent debtor shall be sent a final notice informing him that his water service will be discontinued if payment is not made within the time specified in the notice. The final notice shall include notice to the customer of his right to a hearing as provided by Section 14.04.321 of the Norco Municipal Code. The 10-day period does not commence until five days after the final notice is mailed. A customer's water service may be discontinued if charges for services furnished at a previous location within the city are not paid within the time herein fixed for the payment of bills. If a customer received refuse collection service or benefit at more than one location and a bill at any one location is not paid within the time provided for payment, water service at all locations may be turned off. The customer will be charged for both water and refuse collection service during the period in which water service is shut off. (Ord. 574 Sec. 2 (part), 1987)

6.42.110 Violation—Penalty.

Any person, firm or corporation who shall violate any provision of this chapter shall be deemed guilty of an infraction. (Ord. 527 Sec. 4 (part), 1984; Ord. 525 Sec. 1 (part), 1984; Ord. 433 Sec. 11, 1979) Any person, firm or corporation that provides waste services and/or transports refuse or recyclables within the incorporated area of the City shall provide monthly, quarterly, and annual tonnage reports in compliance with AB 839 (California Public Resources Code Section 41000, et. seq., as amended).

SECTION 2: EFFECTIVE DATE: This Ordinance shall become effective 30 days after final passage thereof.

SECTION 3: SEVERABILITY: If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or phrases hereof be declared invalid or unconstitutional.

SECTION 4: POSTING: The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall cause the same within 15 days of its passage to be posted at no less than five public places within the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held November 19, 2014.

Mayor of the City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

I, CHERYL L. LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Norco, California, duly held on November 5, 2014 and thereafter at a regular meeting of said City Council duly held on, November 19, 2014, it was duly passed and adopted by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on November 19, 2014.

Cheryl L. Link, City Clerk
City of Norco, California

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager

PREPARED BY: Cheryl L. Link, City Clerk

DATE: November 19, 2014

SUBJECT: **Ordinance No. 982, Second Reading:** Code Amendment 2014-07. A City-Initiated Code Amendment to Amend Chapter 5.28 “Swap Meets” and Other Related Cross-References in the Norco Municipal Code as Needed Regarding the Collection of Business License Fees for Special Events.

RECOMMENDATION: Adopt **Ordinance No. 982** for second reading.

SUMMARY: The first reading of Ordinance No. 982 was held on November 5, 2014 and adopted by the City Council with a 5-0 vote. Ordinance No. 982 amends Chapter 5.28 “Swap Meets” of the Norco Municipal Code. Ordinance 982 will correct the definition of a “swap meet” to avoid a duplication of business license fees when an event is approved with a Special Event Permit that also meets the definition of a swap meet.

Attachment: Ordinance No. 982

ORDINANCE NO. 982

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORCO APPROVING CODE AMENDMENT 2014-07 AMENDING CHAPTER 5.28 "SWAP MEETS" AND OTHER CROSS-REFERENCES AS NEEDED OF THE NORCO MUNICIPAL CODE REGARDING THE COLLECTION OF BUSINESS LICENSE FEES FOR SPECIAL EVENTS. CODE AMENDMENT 2014-07.

WHEREAS, the CITY OF NORCO initiated Code Amendment 2014-07 to Norco Municipal Code Title 5, Chapter 5.28 regarding the definition of swap meets; and

WHEREAS, the Code Amendment was duly submitted to said City's City Council for decision at a public meeting for which proper notice was given; and

WHEREAS, the Code Amendment was scheduled on October 15, 2014 on or about 7 p.m. in the Council Chambers at 2820 Clark Avenue, Norco, California 92860; and

WHEREAS, at the time set, the City Council received both oral and written testimony pertaining to the Code Amendment; and

WHEREAS, the City of Norco acting as the Lead Agency has determined that the project is exempt from the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines as a ministerial project.

NOW, THEREFORE, the City Council of the City of Norco does hereby find as follows:

- A. The proposed Code Amendment proposes to eliminate a double business license fee for an event that already has an approved Special Event Permit and the related business license for that event.
- B. The project has been determined to exempt from the California Environmental Quality Act and the City of Norco Environmental as a ministerial project.

NOW, THEREFORE, the City Council of the City of Norco does hereby approve as follows:

SECTION 1:

Section 5.28.10 Definitions.

- (2) "Swap meet" means any event which meets all of the following requirements:

(A) The proposed event is not an event that is otherwise approved with a Special Event Permit.

(B) The place or location at which the event is held has been advertised by any means whatsoever as a place or location to which members of the public, during a specified period of time, may bring identifiable, tangible personal property and exhibit it for sale or exchange, barter or trade.

(C) A fee is charged, payable to the operator of the event, either in the form of a charge for general admission to the place or location where the event is held or a charge for the privilege of exhibiting identifiable, tangible personal property at such event. The charge for exhibiting identifiable, tangible personal property may be a fixed amount or a percentage of all sales made or of the value of all property exchanged.

SECTION 2: EFFECTIVE DATE: This Ordinance shall become effective 30 days after final passage thereof.

SECTION 3: SEVERABILITY: If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or phrases hereof be declared invalid or unconstitutional.

SECTION 4: POSTING: The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall cause the same within 15 days of its passage to be posted at no less than five public places within the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on November 19, 2014.

Mayor of the City of Norco, California

ATTEST:

Cheryl Link, City Clerk
City of Norco, California

I, CHERYL LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Norco, California, duly held on November 5, 2014 and thereafter at a regular meeting of said City Council duly held on November 19, 2014, it was duly passed and adopted by the following vote of the City Council:

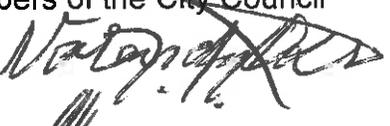
AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on November 19, 2014.

Cheryl Link, City Clerk
City of Norco, California

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: November 19, 2014

SUBJECT: Zone Code Amendment to consider expanding animal-keeping rights to certain lots zoned R-1-10 that meet minimum qualifying requirements.

RECOMMENDATION: Provide direction.

SUMMARY: Animal-keeping is not a permitted use in the R-1 zone except for ten lots at the northwest corner of Corona Avenue and Seventh Street where an Animal-Keeping Overlay (AKO) zone was established. All property owners in the R-1 zone have the option to request a zone change to have the overlay applied to their property.

BACKGROUND: In 2006 the Animal-Keeping Overlay zone was adopted that established the criteria to allow animal-keeping rights for ten parcels at the northwest corner of Corona Avenue and Seventh Street located in the R-1-10 zone. Prior to that animal-keeping was not allowed in any R-1 lots. The overlay was created as opposed to re-zoning the properties to A-1-20 because nine of the lots would have been sub-standard A-1 lots increasing the potential for owners having to obtain future variances for development.

The overlay established the same animal-keeping rights as in the A-1 zone but without the allowance for commercial boarding operations. There are other lots in the R-1 zone that are sized appropriately to be able to keep animals in the same capacity as lots in the A-1 zone if only for the zoning (ref. Exhibit "A"). Owners of said lots can apply to request a zone change to apply the Animal-Keeping Overlay with the same allowances as the first AKO lots at Seventh Street and Corona Avenue. But this requires each applicant to file a zone change request application and there is no guarantee that it would ultimately get approved. If the City Council so chooses staff can initiate a zone code amendment that would establish animal-keeping allowances for any R-1 lot that met certain minimum criteria:

1. lot size,
2. adequate open-animal area,
3. location in relation to other animal-keeping properties,
4. access to trails.

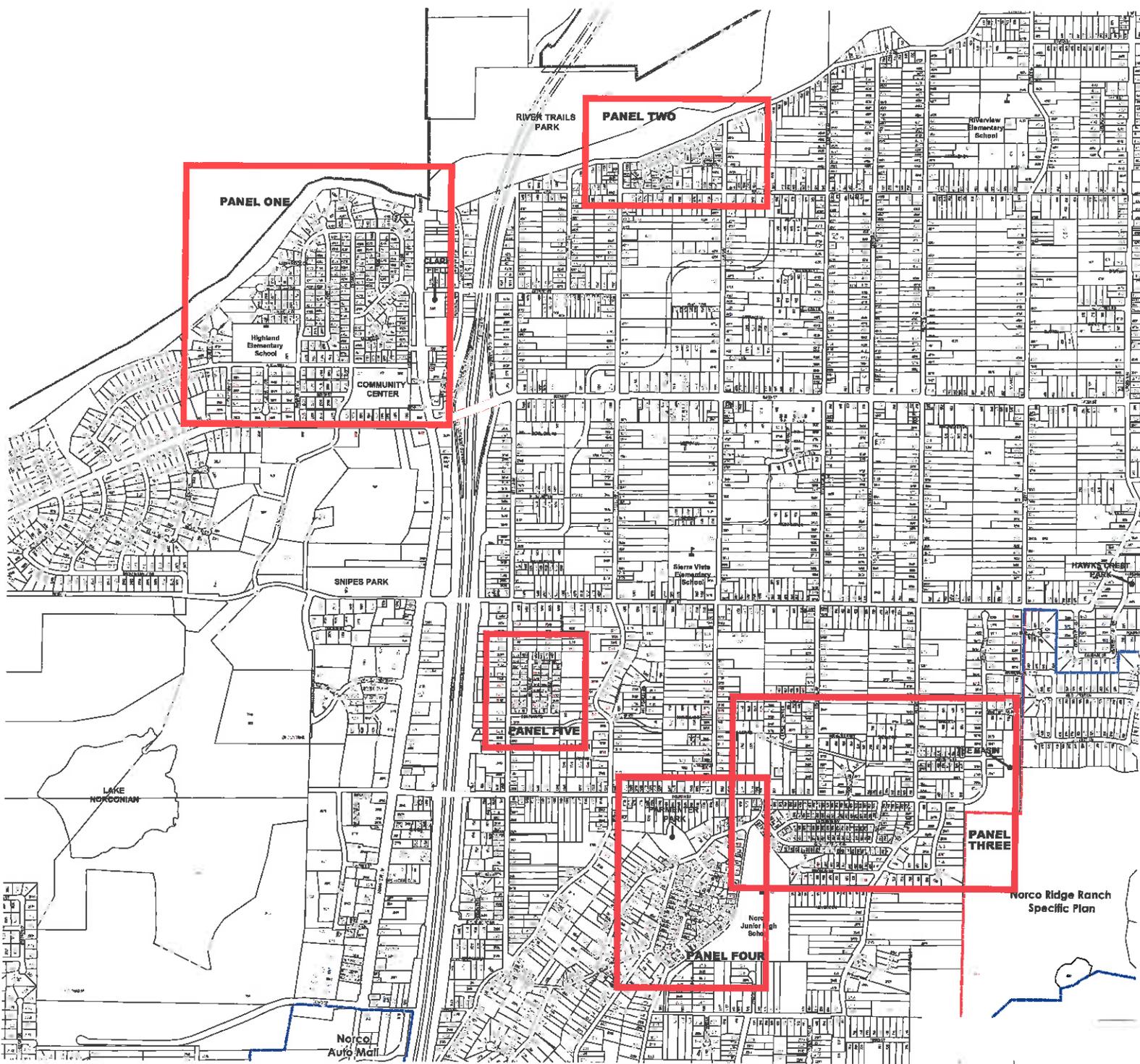
Zone Code Amendment, Animal-Keeping in the R-1 Zone

Page 2

November 19, 2014

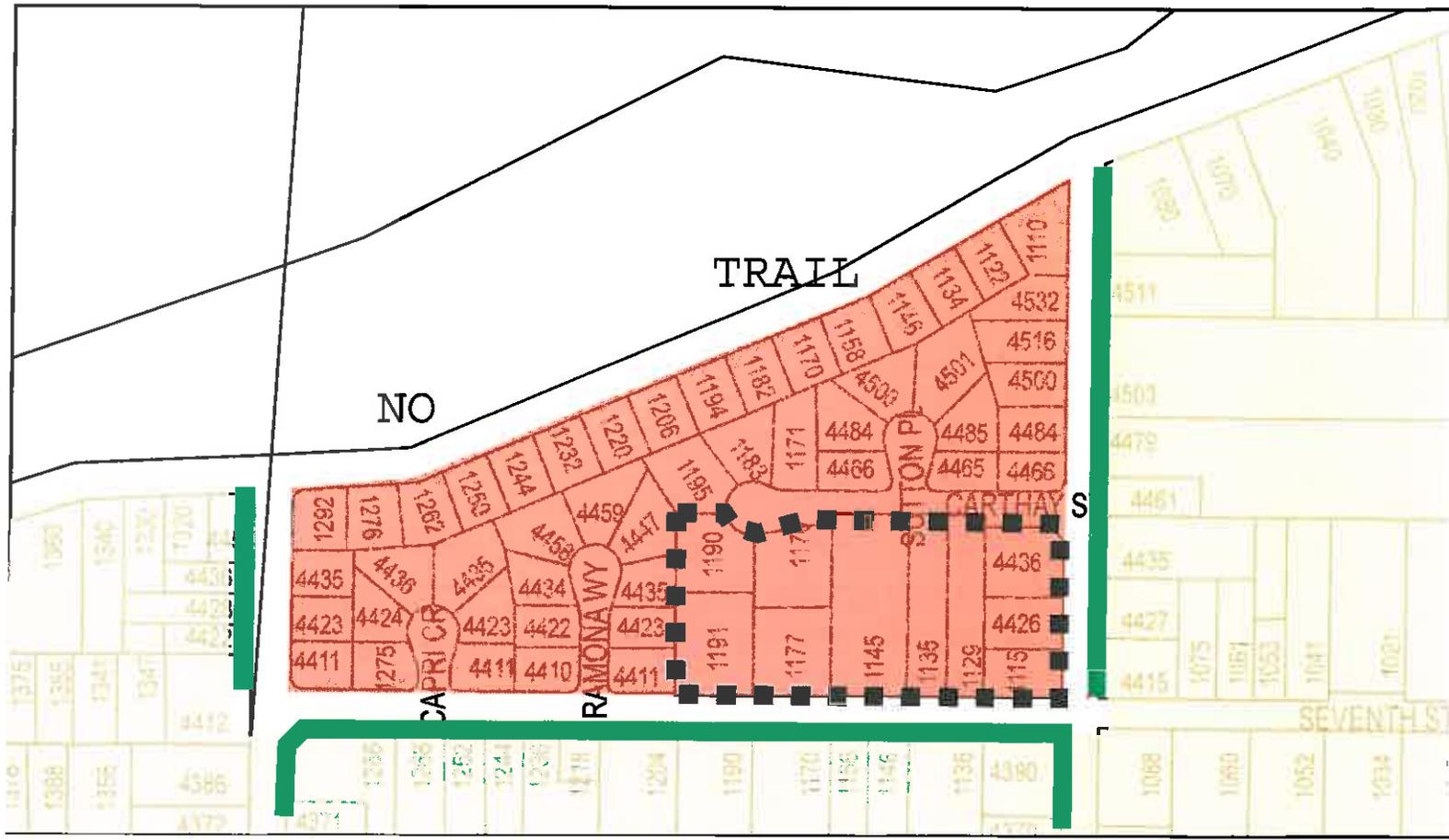
If this is the direction of City Council staff will initiate a zone code amendment and discussions with the Planning Commission to establish animal-keeping criteria for certain lots in the R-1 zone.

Attached: Exhibit "A" – R-1 Lots that Exceed 10,000 Square Feet Adjacent to a Trail.

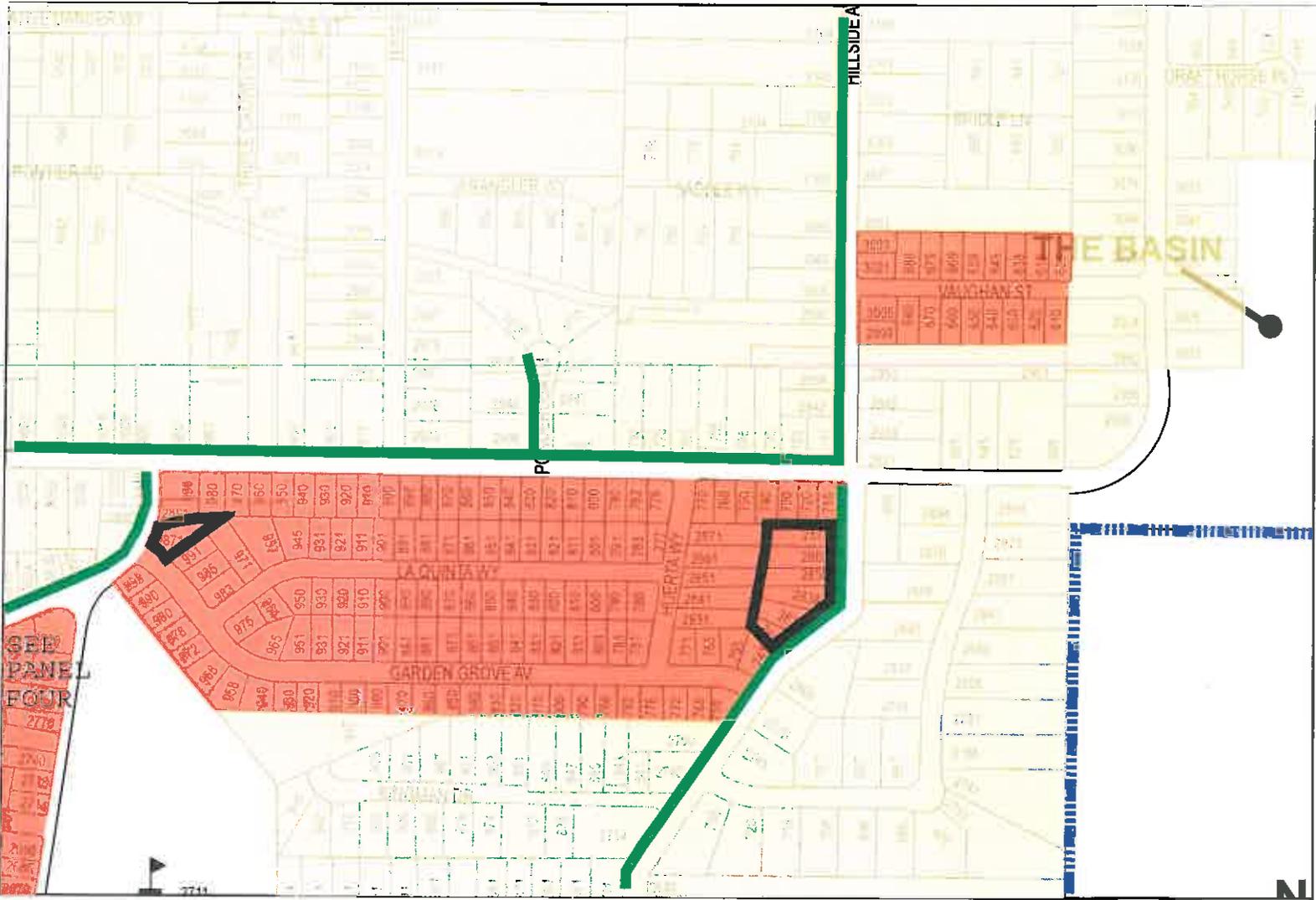


-  **TRAILS**
-  **R-1 ZONE**
-  **A-1 ZONE**
-  **R-1 LOTS > 10,000 S.F., Adjacent to trail**
-  **EXISTING OVERLAY LOTS**

EXHIBIT "A"



PANEL TWO



PANEL THREE

PARMENTER PARK

SEE
PANEL
THREE

Norco
Junior High
School

PANEL FOUR

FOURTH ST

RESERVOIR DR

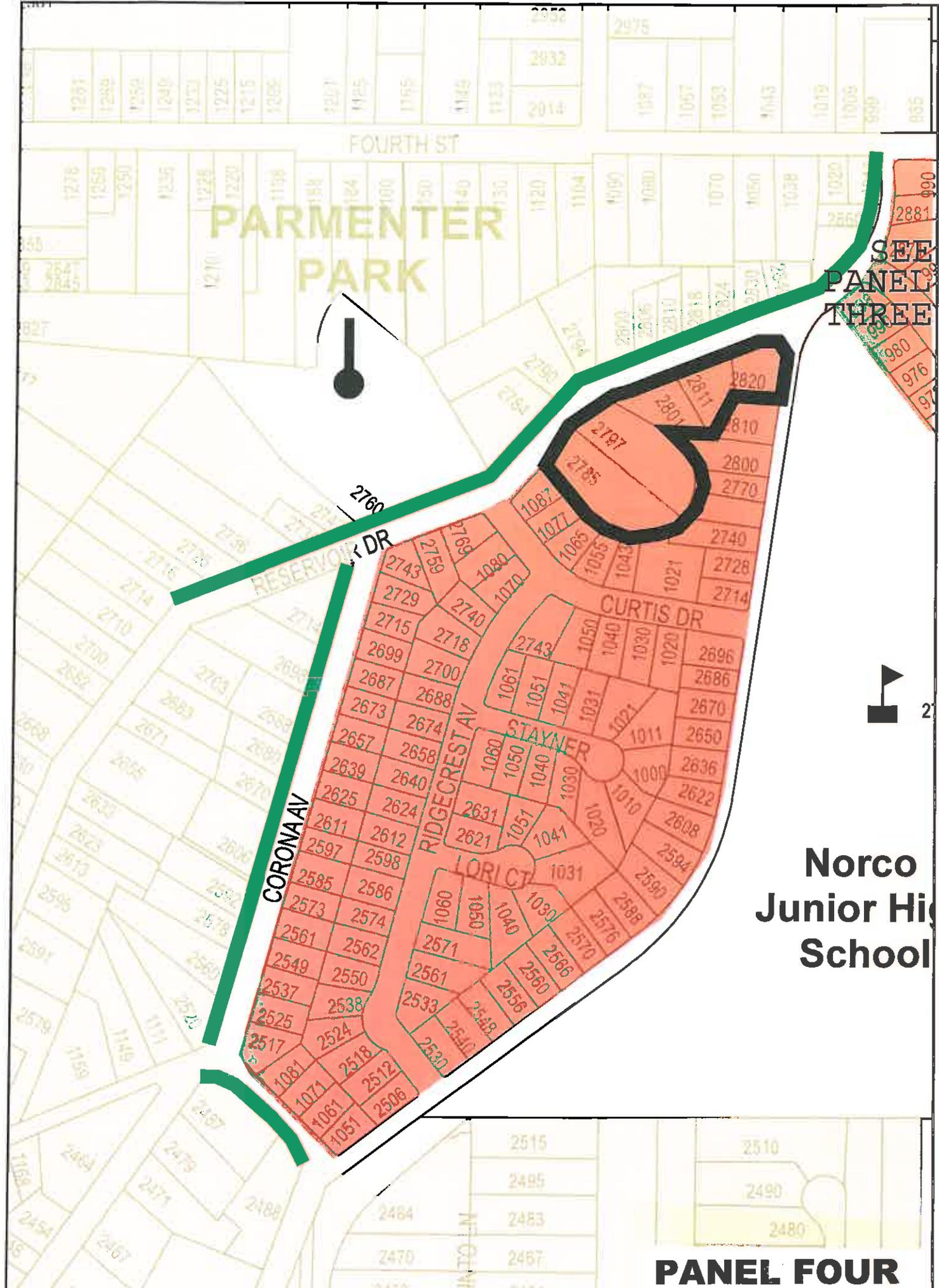
CORONA AV

RIDGECREST AV

STAYNER

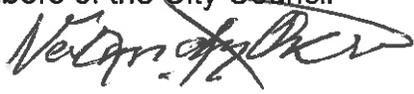
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CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

DATE: November 19, 2014

SUBJECT: Resolution in Support of March Air Reserve Base and Naval Surface Warfare Center Corona, Detachment Norco

RECOMMENDATION: Approve Resolution No. 2014-66, supporting March Air Reserve Base and Naval Surface Warfare Center Corona, Detachment Norco.

SUMMARY: In April 2014, the City received a letter from the Office of Military and Defense Services, County of Riverside, requesting that the City take a formal position in support of local and regional military installations in the County of Riverside. One of the Military installations included on the list is the Naval Surface Warfare Center, Corona Division. A second reminder letter was received in September 2014 seeking City Council support for the various military installations in the County. A third letter was received in October 2014 along with a sample resolution requesting that the City Council adopt the resolution in support of March Air Reserve Base and Naval Surface Warfare Center Corona, detachment Norco.

BACKGROUND/ANALYSIS: In April 2014, the City received a letter from the Office of Military and Defense Services, County of Riverside, requesting that the City take a formal position in support of local and regional military installations in the County of Riverside. On June 4, 2014, the City Council discussed the County's request as one of the items on the Special Meeting Agenda. After much discussion, the City Council voted not to send a response letter as requested by County Supervisor John Tavaglione pending further consultations with local elected federal representatives.

A second reminder letter was received in September 2014 seeking City Council support for the various military installations in the County. Staff forwarded a copy of this letter to all Council Members. A third letter was received in October 2014 along with a sample resolution requesting that the City Council adopt a resolution in support of March Air Reserve Base and Naval Surface Warfare Center Corona, Detachment Norco. The County's letter stressed the contributions of these two military installations to national defense, response to local disasters and direct jobs in the County.

Resolution in Support of March Air Reserve Base
Naval Surface Warfare Center Corona
Page 2
November 19, 2014

In recognition of the historic and economic significance of the Navy Base here in Norco and in the spirit of continued cooperation with the Navy, staff is recommending that the City Council adopt the attached resolution as requested by the County Office of Military and Defense Services.

FISCAL IMPACT: None

Attachment: Resolution No. 2014-66
Letters from Office of Military & Defense Services, County of Riverside

RESOLUTION NO. 2014-66

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, SUPPORTING MARCH AIR RESERVE BASE AND NAVAL SURFACE WARFARE CENTER CORONA, DETACHMENT NORCO

WHEREAS, the United States Navy's Naval Surface warfare Center, Corona Division, Detachment Norco, and March Air Reserve Base are located in the County of Riverside, California; and

WHEREAS, the United States Navy's Naval Surface Warfare Center, Corona Division, Detachment Norco and March Air Force Base are major employers in the Southern California Region and major contributors to the region's economy; and

WHEREAS, combined, these two military installations located in Riverside County, California generate substantial annual payroll for local workers in the civilian and military workforces at both bases; and

WHEREAS, Defense Department contracts in Riverside County and its twenty-eight cities result in direct payments from the federal government to nine hundred small business owners, which in turn creates thousands of direct and indirect jobs in our region; and

WHEREAS, the Honorable Secretary of Defense of the United States of America has specifically requested that another Base Realignment and Closure Commission be authorized in the near future to close military bases across the nation and around the globe; and

WHEREAS, March Air Reserve Base and Naval Surface Warfare Center, Corona Division, Detachment Norco are assets to the United States Armed Forces and both installations provide unique missions in support of our national security and disaster response that make the bases ideal to be used as national models for military and defense missions; and

WHEREAS, both installations have been reviewed by prior Base Realignment and Closure Commissions resulting in March Air Force Base being reduced to a Reserve Installation and Naval Surface Warfare Center, Corona Division, Detachment Norco also being impacted adversely; and

WHEREAS, the reuse of lands outside the cantonment area of March Air Reserve Base has not progressed for a variety of reasons related to the Great Recession and lack of capital availability for financing; and

NOW THEREFORE, the City Council of the City of Norco does hereby resolve that the California State Assembly supports the County of Riverside Board of Supervisors and its Office of Military and Defense Services in opposition to another round of Base Realignment and Closure (BRAC) as it relates to the Naval Surface Warfare Center, Corona Division, Detachment Norco and March Air Reserve Base. The Norco City Council respects that our federal representatives in the Senate and the House also oppose any cuts, reductions, realignment or missions and resources assigned to these two installations.

FURTHERMORE, the City Council of the City of Norco resolves that the California State Assembly is also opposed to the elimination or realignment of military and civilian jobs at the Naval Surface Warfare Center, Corona Division, Detachment Norco and March Air Reserve Base. These jobs and missions of the Military Department of the State of California, and the Active Duty and State and Federal Reserve forces are assets to the communities they service and play a leading role in keeping our nation safe and secure.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on November 19, 2014.

Mayor of the City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

Resolution No. 2014-66

Page 3

November 19, 2014

I, CHERYL LINK, City Clerk of the City of Norco, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on November 19, 2014 by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on November 19, 2014.

Cheryl Link, City Clerk
City of Norco, California



**Office of Military & Defense Services
County of Riverside, California**

**Board of
Supervisors**

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JOHN TAVAGLIONE
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DISTRICT 5

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GEORGE A. JOHNSON
CHIEF ASSISTANT CEO

ROB FIELD
ASSISTANT CEO

LESA BRANDL
MANAGING DIRECTOR

April 22, 2014

The Honorable Berwin Hanna
City of Norco
2870 Clark Ave
Norco, CA 92860

Dear Mayor Hanna,

I am writing to respectfully request for your city to take a formal position in support of our local and regional military installations in the County of Riverside and of the six attached position papers. Our Office of Military & Defense Services was recently activated by the Board of Supervisors to support our military personnel, installations, and modernization and to oppose Base Realignment and Closure of the Naval Surface Warfare Center, Corona Division and March Air Reserve Base.

Your city and its council's support of these six positions, along with the support of the other twenty-seven cities in Riverside County, will make a lasting impression on our two United States Senators, our four Congressional delegates, the armed service, and the administration. Additionally, our military and civilian personnel assigned to our regional bases are always grateful to receive such support.

Thank you for your thoughtful consideration of this request. If you need additional information or wish to discuss this information, I am available through email at tomfreeman@rivcoeda.org or by telephone at 951.955.9672.

Very Respectfully,

Thomas L. Freeman, Commissioner
Office of Military & Defense Services

Attachments: 6

1. Naval Surface Warfare Center
2. Air & Marines Operations Center
3. Joint Forces Deployment Center
4. Deployment of Boeing KC-46A Tanker
5. Support Naval Surface Warfare Center
6. Funding for Air National Guard F-15 Radar Upgrades



Phone (951) 955-9672

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www.rivcoeda.org

3403 Tenth Street, Suite 300
Riverside, CA 92504-9250



Office of Military & Defense Services County of Riverside, California

SUSTAIN TECHNICAL CAPABILITY AND LOWER OPERATING COSTS AT NAVAL SURFACE WARFARE CENTER, CORONA DIVISION

Board of Supervisors

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ROB. FELD
ASSISTANT CEO

LISA BRANDI
MANAGING DIRECTOR

ISSUE: Naval Surface Warfare Center, Corona Division should be exempt from any Department of Defense reductions in civilian personnel because it operates under the Navy Working Capital Fund business model, generating operating revenue by charging Navy, Marine Corps, and other military customers for needed science and engineering products and services. As such, it receives no appropriated funds and its manning levels are determined by customer demand for its services.

ACTION: The County urges Congress, administration officials, the Department of the Navy, and the Department of Defense to oppose any reduction in manning levels at NSWC Corona, other than called for by the cost-efficient Navy Working Capital Fund model.

BACKGROUND: NSWC Corona has been a leader in the Navy's research, development, test and evaluation process and has provided independent assessment for 50 years. The Secretary of the Navy established its unique mission in 1964 to provide objective, unbiased ground-truth during the development of the Navy's first guided missile systems. Today, the center serves as the Navy's only independent assessment agent and is responsible for gauging the warfighting capability of Navy ships and aircraft, supporting some 400 military projects.

Technical Capability:

- Even in a down-budget environment, defense technical capability must be maintained to strengthen our national security.
- As threats have increased to unprecedented levels, never before has the nation needed greater defense capability than now to keep pace with the speed and proliferation of technological advancement around the globe.
- Defense capability should not be outsourced to industry, which is under no obligation to manage its stewardship.
- It is imperative that the next generation of scientists and engineers be hired, trained, and developed before the large number of retirement-eligible civilians leave and the brain trust is lost.
- NSWC Corona's unique technical capability cannot be built overnight and the coming brain drain makes this an urgent need.

Lower Operating Costs:

- in the Working Capital Fund business model, commands generate overhead operating funds with military and civil servants working on military projects. Commands use these funds to maintain physical capital (infrastructure, laboratory facilities) and its intellectual capital (the workforce). Under this business model, overhead-operating capital is not generated when contractors perform the same exact work – only the exact expense may be charged to the customer.
- As in the private sector, commands largely have fixed operational costs for their infrastructure and the more they can spread those expenses across a larger government workforce, the lower their labor rate. So more military and Navy civilians working on direct military programs generate more overhead funds to support fixed operational costs, which lower the command's labor rate and reduce costs to programs and the taxpayer.
- NSWC Corona entered the sequestration era with a government-contractor imbalance and was over-reliant on support contractors to execute its mission. To improve technical health, NSWC Corona is expanding its technical workforce through targeted and judicious hiring.



Office of Military & Defense Services County of Riverside, California

AIR AND MARINE OPERATIONS CENTER PHASE B

ISSUE: The Air and Marine Operations Center (AMOC,) a law enforcement multiple agency awareness center in Riverside, CA, that supports the Department of Homeland Security (DHS), needs modernization.

ACTION: The County urges federal leaders to support the implementation of AMOC Phase B to expand the center's capabilities and provide more effective intelligence and awareness to national security partners.

BACKGROUND: AMOC Phase B is an incremental, multi-phase program to modernize AMOC and enhance its capability to provide cross-domain awareness through the merging of air, ground, and maritime domain awareness as well as intelligence to maintain a continuum of border, airspace, land, and maritime safety and security. When fully implemented, the AMOC Phase B Program will provide:

- Expanded physical space to accommodate additional Office of Air and Marine and interagency personnel for critical, national-level mission-planning and coordination activities
- Additional connections with surveillance and sensor systems operated by DHS, other government agencies, state, local, tribal and international partners
- Improved connections with law enforcement databases and intelligence information and networks
- Improved dissemination of radar, video, and other data
- Enhancements to Air and Marine Operations Surveillance System to incorporate the new capabilities
- Backup systems and continuity of operations capability

Currently, several alternatives to implement AMOC's modernization are being analyzed. Once an alternative is selected for implementation, a cost estimate to implement Phase B will be projected.

Since its establishment in 1988, the role of the AMOC has expanded to meet additional national security requirements and support the priority mission of DHS. Agencies integrating the AMOC's capabilities into their operations include Immigration and Customs Enforcement, the Federal Emergency Management Agency, the U.S. Coast Guard, the U.S. Secret Service, and organizations external to DHS including the Federal Bureau of Investigations, the Bureau of Alcohol, Tobacco and Firearms, the U.S. Marshals Service, Federal Aviation Administration (FAA), the Department of Defense (DoD), and state, local, tribal and international law enforcement organizations. Over twenty-five of these organizations and agencies provide a continual link to AMOC via either virtual or on-site representation.

The AMOC provides a key element of the nation's air domain awareness. DHS shares air domain awareness responsibility with the DoD, FAA, DHS law enforcement databases, national intelligence, and other sources. Such domain awareness enables DHS to work with its components, state and local personnel, international partners, and DoD for interdiction of suspicious targets.

The AMOC employs the Air and Marine Operations Surveillance System (AMOSS) and extensive intelligence, detection, monitoring, and coordination capabilities to make threat determinations in the performance of critical counter-terrorism and counter-narcotics missions. Though it was constructed initially to track general aviation aircraft, the AMOC's capabilities are now growing in the maritime and land environments. The AMOC collects data on aircraft and maritime vessels, investigates intentions for these craft, and when warranted, coordinates interdiction of them.

Board of Supervisors

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ROB FIELD
ASSISTANT CEO

LISA BRANDI
MANAGING DIRECTOR



Office of Military & Defense Services County of Riverside, California

JOINT FORCES DEPLOYMENT CENTER NEEDED AT MARCH AIR RESERVE BASE

ISSUE: March Air Reserve Base needs a modern deployment terminal facility to meet the growing cargo and personnel demand being transported to and from the base.

ACTION: The County urges federal leaders to support the construction of a Joint Forces Deployment Center at March Air Reserve Base to meet the expanding troop, passenger, and cargo deployment needs of current military operations.

BACKGROUND: The current deployment terminal facility at March Air Reserve Base will continue to be unsuitable for the number of military personnel being processed for deployments. Frequently deploying troops from the 1st Marine Expeditionary Force, 452nd Air Mobility Wing, Army Reserves, and Federal and State entities for national interests are corralled outdoors for extended periods of time and inefficient conditions result in degraded capabilities and lengthy processing times.

Furthermore, lack of adequate co-located cargo processing will continue to impede deployment. The base will continue to be at risk of environmental and safety issues regarding personnel, cargo, and airframes. Frequently deploying troops from the 1st Marine Expeditionary Force, 452nd Air Mobility Wing, Army Reserves, and Federal and State entities for national interests are processing cargo outdoors for extended periods of time and inefficient conditions result in degraded capabilities and lengthy processing times.

The existing passenger terminal Building 265 was constructed in 1942 and has exceeded its life cycle. The facility has degraded infrastructure and utilities being used to support personnel. The communications systems also need to be updated to support the volume of personnel.

The second facility being used for this process is Hangar 385. This is a historical facility built in 1929 and is adjacent to the passenger terminal. This facility is used for the overflow of military personnel until embarkation. Building 385 is capable of only providing minimal accommodations and has significant deficiencies (plumbing, electrical, HVAC) prevent this facility from meeting mission requirements. Current facility provides no separate space for counseling, interviews, legal reviews, chaplain services, or food/comfort services.

Cargo processing is also being done at multiple locations. Vehicles are washed, drained of oil and fuels, and then transported to the mass parking ramp weigh scale. This is highly inefficient and dangerous for personnel. There are no pits or catwalks, and is a risk to the installation for hazardous material spills while processing vehicles. Cargo loading can/is impeded by weather exposure and insect infestation delaying aircraft loading and schedules.

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LISA BRANDI
MANAGING DIRECTOR



Office of Military & Defense Services County of Riverside, California

DEPLOYMENT OF THE BOEING KC-46A TANKER TO MARCH AIR RESERVE BASE

ISSUE: The March Air Reserve Base (MARB) has not yet been assigned the Boeing KC-46A tanker, a wide-body, versatile aircraft that will revolutionize the capability of air mobility missions in the United States armed forces.

ACTION: The County urges federal elected leaders and public officials to support assignment of the Boeing KC-46A tanker to relevant units at MARB because it has the personnel capabilities, infrastructure and community support necessary.

BACKGROUND: The Boeing KC-46A can refuel all US, allied and coalition military aircraft compatible with International aerial refueling procedures, any time, on any mission, and can carry more passengers, cargo and patients whenever and wherever needed. The ability to detect, avoid, defeat and survive threats using robust defensive systems and cockpit armor protection will allow the KC-46A to operate safely in medium-threat environments. With unmatched operation flexibility, the KC-46A is a mobility game changer. It was developed by Boeing from its 767 jet airliner. In February 2011, the tanker was selected by the United States Air Force to replace older KC-135 Stratotankers. Boeing is under contract to deliver 18 initial operational KC-46A tankers by 2017. The Air Force is seeking a total of 179 new tankers to replace 179 KC-135s.

Air Reserve bases were not considered for the initial round of assignments of the KC-46A, which focused on active duty and Air National Guard assignments. However, they will be considered for two of the future main operating bases, although the timeframe for that decision is as yet unclear.

The priority assignment of the KC-46A tanker to active duty and Air National Guard installations seems practical in that the vast majority of KC-135 aircraft and bases are held by those units. However, March is a joint base sustaining all three components: active duty, Air National Guard, and Air Reserve. Current active duty and Air Reserve units at March operate KC-135 Stratotanker and C-17 Globemaster missions. While the 163rd Air Reconnaissance Wing of the Air National Guard currently has an unmanned predator mission; the unit previously had a KC-135 mission. These three branches together provide the air refueling capabilities needed to meet Air Force criteria. In addition, March, as a former Strategic Air Command base, boasts adequate infrastructure to host the new KC-46A tankers.

March also enjoys community support not only for its mission but also for local troops and their families. To protect the mission at March, the governing bodies of the County of Riverside, the cities of Riverside, Moreno Valley, and Perris as well as the March Joint Powers Authority collectively sought and obtained a grant from the United States Department of Defense, Office of Economic Adjustment to prepare the MARB/JPA Joint Land Use Study.

The resulting airport compatibility plan incorporates the guidelines contained in the existing March Air Installation Compatibility Use Zone Study and expands upon them by: 1) providing more definitive standards for new development; 2) implementing a significantly larger buffer area to transition from un-impacted outlying areas to the airport's Accident Potential Zones; and 3) requiring airport disclosure in property transactions for vast areas within the airport influence area.

Board of Supervisors

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CHIEF ASSISTANT CEO

ROB FIELD
ASSISTANT CEO

LISA BRANDI
MANAGING DIRECTOR



Office of Military & Defense Services County of Riverside, California

SUPPORT THE MISSION OF NAVAL SURFACE WARFARE CENTER, CORONA DIVISION

ISSUE: Naval Surface Warfare Center, Corona Division (NSWC Corona) needs to remain at its location at Naval Weapons Station Seal Beach Detachment Norco to fulfill its important mission as the Navy's independent assessment agent, the Navy and Marine Corps range systems engineering agent, and the Navy and Marine Corps measurement science and calibration agent.

ACTION: The County urges Congress, administration officials, the Department of the Navy, and the Department of Defense to oppose any action to close, move, or realign NSWC Corona during any BRAC and budget negotiations.

BACKGROUND: NSWC Corona receives no appropriated funds and provides its own operating funds under the Navy Working Capital Fund business model by charging Navy, Marine Corps, and other military customers for its science and engineering products and services. The warfare center has the manning capabilities, infrastructure and community support necessary to execute its mission from its Norco, California headquarters.

It has been a leader in the Navy's research, development, test and evaluation process and has provided independent assessment for 50 years. The Secretary of the Navy established its unique mission in 1964 to provide unbiased information during the development of the Navy's first guided missile systems. Today, the center serves as the Navy's only independent assessment agent and is responsible for gauging the warfighting capability of Navy ships and aircraft, supporting some 400 military projects.

It also provides critical warfighter support as the range systems engineering agent for the Navy and Marine Corps, helping sustain surface fleet and aircrew training and pre-deployment certification around the world. Its systems are designed, engineered and tested in Norco and are located at nearly 100 Navy, Marine Corps, Air Force and Air National Guard and allied nation ranges around the world.

The warfare center also serves as the measurement and calibration agent to ensure the measurement accuracy of today's precision combat and weapon systems. Its patented, award-winning automated calibration management system is projected to save the Navy \$65 million by 2017. It is the subject of the Navy's first cross-license patent licensing agreement that will transfer this innovative system to the commercial sector, offsetting initial Navy costs and allowing subsequent improvements to return to the Navy at no additional expense.

In the heart of Southern California's Inland Empire, NSWC Corona is strategically located near the Navy and Coast Guard fleet in San Diego, the Marines at Camp Pendleton and 29 Palms, the Air Force in Riverside, and the Army at Ft. Irwin, all within hours of its Norco location.

With nearly 75 percent of its Navy civilians working as scientists and engineers, the warfare center maintains its technical edge by working closely with area colleges and universities, which provide a critical pipeline for science and engineering graduates and help sustain its technical capability.

NSWC Corona also enjoys community support not only for its mission but also for the valuable economic, intellectual and social contribution it makes to Southern California. As a high-tech center for science and engineering, the base contributes more than \$300 million each year to the regional economy, with some 1,500 local civilians and contractors supporting nearly 200 Defense Department programs. The base hosts more than 7,000 visitors each year, and generates some 18,000 room nights.

Board of Supervisors

KEVIN HERRIS
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DISTRICT 2

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MARION ASHLEY
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ROB FIEDL
ASSISTANT CFO

LISA BRANDI
MANAGING DIRECTOR



Office of Military & Defense Services County of Riverside, California

FUNDING FOR AIR NATIONAL GUARD F-15 RADAR UPGRADES

ISSUE: The California Air National Guard's 144th Fighter Wing need the necessary radar upgrades in order to maintain its two missions at March Air Reserve Base and Fresno Airport.

ACTION: The County urges federal and military leaders to prioritize the request for 19 additional F-15 APG-63 (V)3 Active Electronically Scanned Array (AESA) radars for the California Air National Guard.

BACKGROUND: The cancellation of the F-22 has meant greater reliance by the United States Air Force on other strike fighters, including its F-15 fleet. Unfortunately, the Air Force has reduced the number of F-15 Primary Aircraft Allowance from 18 to 15 at each F-15 wing. This will mean it will be impossible for the California Air National Guard's 144th Fighter Wing to maintain both of its two 24/7 operational alert missions at March Air Reserve Base and Fresno Airport. These missions are critical to the national/homeland security of America's western flank.

To ensure the F-15's capabilities match today's standards, the Air Force is currently upgrading its radar system. As stated in the President's Budget, "The (V)3 AESA upgrade significantly improves Reliability, Maintainability & Supportability (RM&S), and substantially improves operational effectiveness and combat lethality of the existing APG-63 equipped aircraft." The budget includes funding for 24 radar upgrades, yet several dozen F-15s will still require upgrading. The request funds 19 radar upgrades for this year to ensure the F-15 fleet can be used for many years in the future. The remaining will be upgraded in subsequent years.

It is a vital national interest to maintain Air National Guard F-15C/D aircraft to the highest possible combat capability. Moreover, the APG-63 (V)3 AESA radar is drastically easier and cheaper to maintain, and is required to maintain a tactical advantage over current and projected adversaries. Funding for 19 additional (V)3 AESA radars will sustain the Air National Guard's autonomous execution of its Aerospace Control Alert mission and Designed Operational Tasking, in support of worldwide operations.

Board of Supervisors

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ROB FIELD
ASSISTANT CTO

LISA BRANDL
MANAGING DIRECTOR

SEP 17 2014

CITY CLERK
TIME: A. OKORO.

cc: City Council

**Office of Military & Defense Services
County of Riverside, California**

Re: Update of Assembly Joint Resolution 52 and Military Notes

Dear Honorable Mayor and Council Members:

In April of 2014, the County of Riverside established the Office of Military & Defense Services. We have been and continue to remain concerned with Base Realignment and Closure as well as our Defense Department budget reductions. Defense spending with private business in our county exceeds \$5.2 billion. Defense contractors and subcontractors are located in each of our twenty-eight cities and the unincorporated communities across our county. Our military installations also contribute another billion dollars per year to our economy. March Air Reserve Base, the Naval Surface Warfare Center Corona Division, our National Guard Readiness Centers and Armories, along with our reserve forces, create jobs for the military, civilian, and business communities.

We want to thank the eleven of twenty-eight Riverside County cities that provided a resolution of support for our military installations, personnel, families, and our defense contractors. We would ask those cities that declined to express support for our military and bases to reconsider and to join with us in support of these bases and installations.

We are also grateful for the members of the State Assembly that endorsed the passage of Assembly Joint Resolution 52, carried by Assemblymember Linder at our request. Our State Assembly, in a bipartisan show of support for our military and bases, passed AJR 52. Regretfully, the joint resolution died in the Senate Rules Committee as Senator Knight objected to the joint resolution's language. Assemblymember Linder and our office remained willing to amend AJR 52 to address concerns; however, Senator Knight and his team were unable to provide the language and revision in time for the resolution to be voted on in our State Senate.

On September 25, 2014, the Governor's Military Council will be in the county to review March Air Reserve Base and the Naval Surface Warfare Center Corona Division. They will hear from our office and the Commanders of March Air Reserve Base and the Naval Surface Warfare Center Corona along with tenants on the March ARB. This important body makes recommendations to our Governor and his administration on military and defense issues impacting the state. We will host this meeting along with our military partners, Board of Supervisors, and County Executive Officer.

Finally, we have engaged a team of professionals to assist the County of Riverside in the protection and defense of our military personnel and bases. The team works in Washington, D.C. and assists our office and board members in developing defense strategies that increase the staffing at our bases and reequipping of Riverside County military units as well as works to continue our opposition to Base Realignment and Closure. Thank you for your support of our effort, and I would invite you to contact me at 951.955.9826 or at tomfreeman@rivcoeda.org if you have any questions regarding military and defense matters.

Very Respectfully,

Thomas L. Freeman, Commissioner
Office of Military & Defense Services

cc: State Senators
State Assembly
County Board of Supervisors
City Managers
CVAG- Executive Director
WRCOG-Executive Director
IEEP- CEO& President
CVEP-Executive Director

**Board of
Supervisors**

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CEO

GEORGE A. JOHNSON
CHIEF ASSISTANT CEO

ROBERT HILD
ASSISTANT CEO

LISA BRANDI
MANAGING DIRECTOR





OCT 21 2014
TD: K. Azevedo
CITY CLERK

TIME: _____

**Office of Military & Defense Services
County of Riverside, California**

October 9, 2014

Re: Resolution of Support for March Air Reserve Base & Naval Surface Warfare Center Corona

Dear Friend,

Previously this year, I respectfully requested that each of the cities in Riverside County consider a resolution which expressed support for March Air Reserve Base and the Naval Surface Warfare Center Corona. As of October 9, 2014, ten of the twenty-eight cities in Riverside County have responded to this request.

I realize how busy it can be serving in your capacity, and I thank you for all that you do for this community. I am respectfully requesting that your office, if it has not done so already, develop a resolution of support for our military personnel serving at our two local military installations. I have enclosed as an attachment a copy of a sample resolution that you may use to develop your own documents, if you would like.

Please understand that our military installations at March Air Reserve Base and the Naval Surface Warfare Center contribute greatly to our national defense and response to local disasters and create thousands of direct jobs in our twenty-eight cities. With 950 defense contractors in our county, the industry has received \$5 billion in contracts from the Department of Defense over the last decade.

Thank you in advance for your consideration of my request. I look forward to answering any questions you may have, and please feel free to contact me at TomFreeman@rivcoeda.org or at 951.955.9672.

Very Respectfully,

Thomas L. Freeman, Commissioner
Office of Military & Defense Services-EDA

Attachment: Sample Resolution of Support for Military Bases

Board of Supervisors

KEVIN JEFFRIES
DISTRICT 1

JOHN TAVAGHIONE
DISTRICT 2

JILL STONE
DISTRICT 3

JOHN J. BENOIT
DISTRICT 4

MARION ASHLEY
DISTRICT 5

Executive Team

JAY E. ORR
CEO

GEORGE A. JOHNSON
CHIEF ASSISTANT CEO

ROR FIELD
ASSISTANT CEO

JEH VAN WAGENEN
MANAGING DIRECTOR



Phone (951) 955-9672
Fax (951) 955-9177
www.rivcoeda.org

3403 Tenth Street, Suite 300
Riverside, CA, USA, 92501

NOW WHEREAS, the United States Navy's Naval Surface Warfare Center, Corona Division and March Air Reserve Base are located in the County of Riverside, California; and

NOW WHEREAS, the United States Navy's Naval Surface Warfare Center, Corona Division is a major employer in the Southern California Region and a major contributor to the region's economy; and

NOW WHEREAS, March Air Reserve Base is a major employer in the Southern California region and a major contributor to the region's economy; and

NOW WHEREAS, combined, these two military installations located in Riverside County, California generate an annual pay roll approaching \$1 billion dollars for local workers in the civilian and military workforces at both bases; and

NOW WHEREAS, Defense Department contracts in Riverside County and its twenty-eight cities combined for \$5 billion in direct payment from the federal govern to nine hundred small business owners, which in turn creates thousands of direct and indirect jobs in our region; and

NOW WHEREAS, the Honorable Secretary of Defense of the United States of America has repeatedly recommended the Senate and Congress authorize the closing of military bases domestically and abroad; and

NOW WHEREAS, the Honorable Secretary of Defense of the United States of America has specifically requested that another Base Realignment and Closure Commission be authorized in the near future to close military bases across the nation and around the globe; and

NOW WHEREAS, March Air Reserve Base and Naval Surface Warfare Center, Corona Division are assets to the United States Armed Forces and both installations provide unique missions in support of our national security and disaster response that make the bases ideal to be used as national models for military and defense missions; and

NOW WHEREAS, both installations have been reviewed by prior Base Realignment and Closure Commissions resulting in March Air Force Base being reduced to a Reserve Installation and Naval Surface Warfare Center, Corona Division also being impacted adversely; and

NOW WHEREAS, Base Realignment and Closure results for Riverside County and its twenty-eight cities adversely impacted the economy and the regional economy has not completely added jobs lost at March Air Reserve Base or the Naval Surface Warfare Center, Corona Division; and

NOW WHEREAS, the reuse of lands outside the cantonment area of March Air Reserve Base has not progressed for a variety of reasons related to the Great Recession and lack of capitol availability for financing; and

NOW, WHEREAS, LET IT BE RESOLVED, the California State Assembly supports the County of Riverside Board of Supervisors and its Office of Military and Defense Services in opposition to another round of Base Realignment and Closure (BRAC) as it relates to the Naval Surface Warfare Center, Corona Division and March Air Reserve Base. We respect that our federal representatives in the Senate and the House also opposed any cuts, reductions, realignment or missions and resources assigned to these two installations. Furthermore, the California State Assembly is also opposed to the elimination or realignment of military and civilian jobs at the Naval Surface Warfare Center, Corona Division and March Air Reserve Base. These jobs and missions of the Military Department of the State of California, and the Active Duty and State and Federal Reserve forces are assets to the communities they serve and play a leading role in keeping our nation safe and secure.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: William R. Thompson, Water & Sewer Manager 
Andy Okoro, City Manager

DATE: November 19, 2014

SUBJECT: Agreement for the Assignment of California Department of Corrections and Rehabilitation Wastewater Discharge Rights By and Among Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, the City of Corona and the City of Norco

RECOMMENDATION: City Council approves the Assignment Agreement of California Department of Corrections and Rehabilitation (CDCR) Wastewater Discharge Rights By and Among Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, the City of Corona and the City of Norco, subject to non-substantive changes and authorize the Mayor to execute the Agreement.

SUMMARY: The City of Norco owns and operates a sanitary sewer collection system and sewage pumping facilities within its corporate boundaries. The City of Norco is a member agency of the Western Riverside County Regional Wastewater Authority (WRCRWA), and has secured conveyance and treatment capacity in an amount necessary to provide sanitary sewer service to the California Rehabilitation Center (CRC) property. The proposed assignment agreement describes specific points of understanding between the parties to redirect the CRC waste discharges from the Inland Empire Brine Line (IEBL), also known as the Santa Ana Regional Interceptor (SARI) into the City of Norco sanitary sewer system for collection and treatment.

BACKGROUND/ANALYSIS: The City of Norco owns and operates a sanitary sewer collection system and owns conveyance and treatment capacity in the WRCRWA wastewater treatment facility. CRC is currently discharging its waste stream into the Inland Empire Brine Line (IEBL) or (Santa Ana Regional Interceptor (SARI)). The SARI line was designed and constructed to accept and transport industrial waste discharges, not residential or domestic sanitary sewer discharges.

The City of Norco, CDCR and the US Navy entered into a Memorandum of Agreement (MOA) on August 18, 2009 agreeing to specific terms related to water and sewer service. The MOA described the responsibility of the parties in order to facilitate the funding, design and construction of facilities necessary to provide water and sewer services to the Navy

Agenda Item: 5.C.

and CDCR properties that also included the transfer of specific assets.

The purpose of the proposed Agreement for the Assignment of California Department of Corrections and Rehabilitation Wastewater Discharge Rights is to memorialize the mutual understandings and responsibilities of the parties with respect to transferring the CDCR SARI discharge right. The assignment agreement transfers the CDCR SARI right of 750,000 gallons per day of Inland Empire Brine Line treatment and pipeline conveyance capacity to the City of Norco. The City of Norco will then sell the 750,000 gallon per day right to the City of Corona in the amount of \$9,864,651 plus estimated interest of \$3,023,670 on City financed portion of the sale amount (Attachment A – Page 1).

The agreement stipulates the following terms, transfers of identified assets and specific payments to each of the parties prior to the City of Norco accepting the CRC waste discharges into the City of Norco sanitary sewer collection system;

City of Norco Shall:

- Purchase additional 0.5 MGD treatment capacity in the Western Riverside Regional Wastewater Authority treatment plant at an estimated cost of \$7,236,985 including interest of \$1,233,720 on borrowed funds (Attachment A – Page 1).
- Purchase the 15" northern SARI lateral from Western Municipal Water District in the amount of Three Hundred Forty-Five Thousand Dollars (\$345,000) payable within sixty (60) days of receipt of the first installment payment from the City of Corona.
- Pay Western Municipal Water District the following amounts within sixty (60) days of receipt of the first installment payment from the City of Corona. Twenty-Two Thousand Four Hundred Dollars (\$22,400) for relocating the SARI meter.
- Pay Western Municipal Water District the following amounts within sixty (60) days of receipt of the first installment payment from the City of Corona. Nine Thousand Dollars (\$9,000) as provide in the Temporary Right of Entry Agreement.
- Pay Western Municipal Water District the following amounts within sixty (60) days of receipt of the first installment payment from the City of Corona, the actual cost of administrative expenses (not to exceed \$20,000) for the preparation of the assignment agreement.
- Plan, design and construct various facilities as necessary to provide sewer services to the CRC and the Navy estimated to cost \$1,019,764 (Attachment A – Page 3). Of the \$1,000,000 down payment amount to be received from the City of Corona, \$603,600 will be used to reimburse the Sewer Fund for these expenditures. The remaining amount of \$416,164 plus interest will be reimbursed over 20 years to correspond with the receipts of Corona's annual installment payments.

City of Corona Shall:

- Purchase the 750,000 gallons per day SARI pipeline and treatment discharge capacity right in the amount of Nine Million Eight Hundred Sixty-Four Six hundred Fifty-One Thousand Dollars (\$9,865,651). The City of Corona will make the initial down payment of One Million Dollars (\$1,000,000) within 30 days of the Effective Date of this Agreement. City of Corona will make nineteen (19) annual installment payments of \$600,000 and one (1) final payment in the amount of \$474,098 in accordance with Exhibit "D". The City will receive a total of \$12,888,321 over twenty (20) years including interest on the City financed portion of the sale amount.

Legal counsel for both parties have reviewed and approved the proposed agreement.

At their November 5, 2014 Council meeting, the City of Corona approved the Agreement for the Assignment of California Department of Corrections and Rehabilitation Wastewater Discharge Rights By and Among Western Municipal Water District of Riverside County, the California Department of Corrections and Rehabilitation, the City of Corona and the City of Norco

FINANCIAL IMPACT: "Attachment A" details the cash inflows and outflows associated with this transaction over the next twenty (20) years. The total amount of cash inflows including interest income from this transaction over twenty (20) years is \$12,888,321. The total cash outflows over the same period required to make debt service payment on the SRF loan, fund administrative costs and construct necessary improvements to the Sewer System is \$8,741,111. The remaining amount of \$4,147,210 representing intangible value of the rights to be sold to the City of Corona will be deposited into the City's Special Asset Revenue Fund over the next twenty (20) years in the amount of \$209,278 each year (Attachment A – Page 3)

Attachments: SARI Assignment Agreement
Attachment A – Distribution of funds

AGREEMENT FOR THE ASSIGNMENT OF
CALIFORNIA REHABILITATION CENTER'S WASTEWATER DISCHARGE RIGHTS
BY AND AMONG
WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY,
THE CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION,
THE CITY OF CORONA
AND
THE CITY OF NORCO

THIS Agreement is made this ____ day of _____, 2014, (the "Effective Date") by and among the "Parties" WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY ("Western"), a municipal water district, the STATE OF CALIFORNIA through its CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION ("CDCR"), the CITY OF CORONA ("CORONA"), a municipal corporation and the CITY OF NORCO ("Norco"), a municipal corporation (sometimes hereinafter collectively referred to as the "Parties"), and is effective only upon adoption by all of the Parties.

RECITALS

A. By agreement dated June 6, 2006 amending all previous capacity agreements between Western and the Santa Ana Watershed Project Authority ("SAWPA"), Western is the owner of "Capacity Rights" in SAWPA's Inland Empire Brine Line System ("SAWPA's Brine Line System"), formerly known as the Santa Ana Regional Interceptor System providing Western the right to discharge non-reclaimable, industrial wastewater to SAWPA's Brine Line System and to allocate a "Discharge Right" to qualified wastewater dischargers within Western's boundaries under permits issued by Western and SAWPA to discharge industrial wastewater to a Western system that discharges to the SAWPA Brine Line System.

B. By the CRC-Western Industrial Capacity Contract No. 1, dated February 16, 1985 ("1985 CRC-Western Contract"), the California Rehabilitation Center ("CRC") purchased from Western a Discharge Right for pipeline and treatment capacity in a Western system that discharges to SAWPA's Brine Line System of 750,000 gallons per day (gpd) of industrial wastewater ("CRC Discharge Right"), and Western became the owner of the trunk sewer from the CRC to the connection with the Brine Line System ("Western's CRC Lateral") generally located in Western Avenue, Country Club Lane and Auburndale St. between 5th Street and West Rincon Street in the Cities of Norco and Corona, California. For purposes of this Agreement, Western's CRC Lateral is divided at River Road into the Northern CRC Lateral and the Southern CRC Lateral. (See Exhibits A and B attached hereto for maps of the entire CRC Lateral and the Northern CRC Lateral beginning with Station 60+57 at 2nd Street and River Road and ending with Station 162+00 at 5th Street and Western Avenue on the construction, plan/profile drawing set.) Western's Southern CRC Lateral is not a part of this Agreement and the Parties understand that Western retains ownership of the Southern CRC Lateral. Western's

Southern CRC Lateral begins with Station 60+57 at 2nd Street and River Road and ends at Station 0+05 at Rincon Avenue and Auburndale Street on the construction, plan/profile drawing set where at Station 0+05 it connects to SAWPA's Brine Line System at Manhole 22 Reach IV-B-2, (the "Brine Line Point of Discharge").

C. The CRC, functioning under the direction of the CDCR, and the Naval Weapon Station Seal Beach Detachment Corona (Navy) functioning under the direction of the Commander, Navy Region Southwest, are located adjacent to one another in Norco. By separate agreement between the CRC and the Navy, the CRC is responsible for managing and disposing of wastewater generated by both the CRC and Navy ("CRC Wastewater"). The CRC exercises its Discharge Right as part of Western's Capacity Right in SAWPA's Brine Line System by discharging CRC Wastewater through Western's CRC Lateral for conveyance to the Brine Line Point of Discharge.

D. By agreement with the Western Riverside County Regional Wastewater Authority ("WRCRWA"), dated March 26, 1998, and affirmed by the 2012 WRCRWA Project and Capacity Agreement for the Expansion of the WRCRWA treatment plant, Norco is the owner of a capacity right in WRCRWA's Conveyance, Treatment and Disposal Facilities ("WRCRWA Facilities") that allows Norco to allocate a discharge right to WRCRWA's Facilities to qualified wholesale and retail customers within its boundaries for the purpose of delivery, treatment and disposal of municipal and industrial wastewater in compliance with Norco and WRCRWA rules and regulations. Norco's capacity rights in WRCRWA Facilities are currently 2.2 million gallons per day (MGD) of treatment and 2.5 MGD of conveyance. Norco is currently discharging just under 2.0 MGD to WRCRWA; therefore has unused WRCRWA capacity rights of just over 0.2 MGD treatment and 0.5 MGD conveyance.

E. By various Wastewater Interceptor and Treatment Capacity Agreements between Western and Corona, dating back to January 7, 1981, Corona owns a Discharge Right as part of Western's Capacity Right in SAWPA's Brine Line System ("Corona Discharge Right") for a finite amount of industrial wastewater, and now wishes to increase its Corona Discharge Right.

F. To assist SAWPA in reaching its goal to remove domestic wastewater discharges from SAWPA's Brine Line System, Western, Norco, and the CRC wish to reroute CRC Wastewater by changing the current point of discharge from the Brine Line Point of Discharge to Norco's Sewer Collection System which discharges to WRCRWA Facilities.

G. It is the purpose of this Agreement to provide the terms and conditions under which (1) the current point of discharge for CRC Wastewater can be changed from the Brine Line Point of Discharge to Norco's Sewer Collection System for delivery, treatment and disposal at WRCRWA Facilities, and (2) the 750,000 gpd Discharge Right in SAWPA's Brine Line System currently held by the CRC can be assigned to Corona by first and instantaneously assigning the Discharge Right to Norco then to Corona.

Agreement

NOW, THEREFORE, based on the foregoing Recitals and the mutual promises and covenants contained herein, the Parties agree as follows:

1. Norco Shall Accept CRC Wastewater into Norco's Sewer Collection System.

a. Within a reasonable time after the execution of this Agreement, but prior to the expiration of the Grace Period identified in 1.b below, Norco shall construct all necessary physical facilities in order to accept all CRC Wastewater into Norco's Sewer Collection System as consideration for the CRC assigning its CRC Discharge Rights to Norco as set forth in Section 4 below.

b. While not a condition of this Agreement, the Parties understand that Norco will be provided a Grace Period as established by SAWPA, ("Grace Period"), to permanently reroute CRC Wastewater from the Brine Line Point of Discharge to WRCRWA Facilities. Terms and conditions of all existing agreements and permits shall continue during the Grace Period to allow CRC Wastewater to be discharged to the Brine Line while problems encountered, if any, with discharges to WRCRWA Facilities are being addressed.

c. Any wastewater discharged by Norco to SAWPA's Brine Line System one hundred twenty (120) days after completion of the current WRCRWA treatment plant expansion project resulting in 14 MGD total capacity, or after the SAWPA Grace Period expires, whichever first occurs, shall be deemed an emergency discharge to SAWPA's Brine Line System unless prior written approval has been provided by Western and SAWPA for the discharge. For any such emergency discharges by Norco, inclusive or exclusive of CRC Wastewater, that pass through Western's system to SAWPA's Brine Line System, Norco shall pay to Western the Emergency Rate invoiced by Western for emergency discharges of wastewater to the Brine Line System in accordance with its most recently adopted rate resolution. For example, Western's current Emergency Rates are published in Western's Resolution No. 2824, Paragraph G, wherein, the Emergency Rate shall be comprised of 110% of the surcharges for flow exceeding owned capacity in Paragraph C, plus 110% of the Flow, BOD and TSS charges in Paragraph A, after the adjustment for any imbalance in meter readings described in Paragraph B of said Resolution. Western's Rate resolution shall also include a fee for the use of Western's Southern CRC Lateral. Norco shall make such payment to Western within thirty (30) days after receipt of Western's invoice therefore.

2. Western Hereby Transfers to Norco, Western's Northern CRC Lateral between 5th Street and River Road.

a. Western shall hereby transfer to Norco by Quit Claim Deed attached hereto as Exhibit C, the Northern CRC Lateral "As Is" for the transfer price proposed by Western in its letter to Norco dated March 14, 2014, of Three Hundred Forty-Five Thousand Dollars (\$345,000.00) payable within sixty (60) days of Norco's receipt of the first installment payment from Corona for the 750,000 gpd Discharge Right herewith assigned by Western from the CRC to Corona through Norco. Such transfer is subject to the United States of America's, and its assigns, right to "tap" or connect into the Northern CRC Lateral for sewer purposes to service the Naval Weapons Station, Seal Beach, Corona Site located in Norco, California. That right is

reserved to the United States of America pursuant to that certain Quitclaim Deed dated March 14, 1988 and recorded in Riverside County, California, on September 28, 1988 as Document No. 280264.

b. Norco shall also pay Western the following amounts within sixty (60) days of Norco's receipt of the first installment payment from Corona for the 750,000 gpd Discharge Right herewith assigned by Western from the CRC to Corona through Norco:

(i) Twenty-Two Thousand Four Hundred Dollars (\$22,400.00) to reimburse Western for relocating SAWPA's meter on Western's CRC Lateral to accommodate Norco's grinder installation;

(ii) Nine Thousand Dollars (\$9,000.00) for Norco's use of the entire CRC Lateral during the period from on or about December 21, 2010 through September 30, 2012, as provided in the Temporary Right of Entry Agreement by and between Western and Norco dated December 21, 2010. However, upon the execution of this Agreement, WMWD hereby forgives any further lease payments due and payable commencing October 1, 2012 in recognition of good-faith negotiation efforts between the parties. This caps the total outstanding lease payments to \$9,000.00 upon execution of this Agreement; and

(iii) Actual cost not to exceed Twenty Thousand Dollars (\$20,000.00) for Western's administrative expenses incurred by staff and consultants for the preparation of this Agreement.

c. Western retains ownership of the Southern CRC Lateral identified in Recital B above and together with SAWPA retains maintenance responsibility for the Southern CRC Lateral.

3. Norco Shall Purchase New Capacity Rights in WRCRWA's Expanded Treatment Plant.

a. Norco shall acquire capacity rights in the expanded WRCRWA treatment plant ("WRCRWA Capacity Right") in order to have capacity available to treat all wastewater collected by Norco.

b. Norco is currently planning to use its unused WRCRWA Capacity Right together with the WRCRWA Excess Capacity Management Service Agreement to accommodate CRC Wastewater and other collected wastewater on a temporary basis but Norco shall participate in the upcoming expansion of the WRCRWA treatment plant by permanently purchasing an additional WRCRWA Capacity Right of 0.5 MGD or more to accommodate Norco collected wastewater.

c. To assure available WRCRWA Capacity Rights and in accordance with WRCRWA Resolution 13-001, Norco shall enter into a written agreement with WRCRWA ("Norco-WRCRWA Agreement") within ninety (90) days of the Effective Date of this Agreement that permits Norco's temporary use of the WRCRWA's Excess Capacity pursuant to WRCRWA's Excess Capacity Management Service Agreement for CRC Wastewater.

4. CDCR Assigns its CRC Discharge Right to Norco

a. By this Agreement, the CDCR hereby assigns its 750,000 gpd CRC Discharge Right in SAWPA's Brine Line System to Norco and Norco, in turn, assigns and sells all of its interest in that Discharge Right to Corona as provided in Section 5 below. CDCR hereby warrants and represents that its assignment under this Agreement and the CRC-Western Contract is not encumbered or restricted in any fashion by any other public agency or funding source used to construct the Western CRC Lateral.

b. Upon Norco's completion of the necessary physical facilities to reroute CRC Wastewater into the Norco Sanitary Sewer Collection System, and subject to Norco accepting all CRC Wastewater into its system, the 1985 CRC-Western Contract shall be deemed automatically rescinded and superseded by this Agreement except to the extent the 1985 CRC-Western contract establishes Western's ownership in the Western CRC Lateral.

c. With the assignment herein of the 750,000 gpd CRC Discharge Right to Norco, that Discharge Right shall be known as the Brine Line System Discharge Right.

5. Norco Hereby Assigns and Sells its Brine Line System Discharge Right to Corona.

a. By this Agreement, Norco receives the CRC Discharge Right from CDCR and simultaneously assigns and sells all of its interest in its Brine Line System Discharge Right to Corona for the price identified in Section 5.b., 5.c. and 5.d. below.

b. The value of the Brine Line System Discharge Right has generally been accepted as the price of Treatment and Disposal capacity stated in SAWPA Resolution 2011-11; however, value may have been improved as a result of arbitration discussions and resulting November 2013 Settlement Agreement between SAWPA and OCSD. By that Settlement Agreement SAWPA agreed to pay the Supplemental Capital Facilities Charge (SCFC) to OCSD in the same manner as OCSD's Class I Users except that SAWPA's baseline of allowed discharge of flow will be SAWPA's Treatment and Capacity Right as of November 2013 which was 17 MGD, with 20,834 pounds/day of BOD and 19,832 pounds/day of TSS.

The SCFC issue created the most significant near-term financial issues for SAWPA in the 2013 arbitration. Aside from potential retroactive assessments, the near term value of the wastewater strength issue would have been the cost to pay OCSD for treatment of slightly more than 6 million pounds per year each of BOD and TSS loading. The price varies over time as OCSD changes its rates to address its changing CIP costs, but the value estimated during discussions exceeded \$6 million per year in 2010. The settlement provided SAWPA with the benefits of establishing a November 2013 baseline for BOD and TSS loadings and providing that no retroactive charges would be assessed thereby affirming the value of the Brine Line System Discharge Right was maintained and possibly improved. The value of the 750,000 gpd CRC Discharge Right has been determined by the Parties to be Nine Million Eight Hundred Sixty-Four Thousand Six Hundred Fifty-One Dollars (\$9,864,651).

c. Corona shall pay Norco over time by way of installment payments, as more expressly outlined in Exhibit D attached, the principal amount of Nine Million Eight Hundred Sixty-Four Thousand Six Hundred Fifty-One Dollars (\$9,864,651) for the seven hundred fifty thousand (750,000) gpd Brine Line System Discharge Right.

d. Corona shall make the first installment payment of one million dollars (\$1,000,000.00), which shall be an interest-free principal payment, to Norco within thirty (30) days of the Effective Date of this Agreement as shown in Exhibit D. Thereafter, Corona shall make the remaining installment payments to Norco annually until the Principal Balance has been paid-in-full (a term of approximately 20 years), and shall include principal and interest with each payment with interest calculated on the Annual Payment due date, defined herein as the month and day of the Effective Date of this Agreement, using the rate of three percent (3.0%) times the unpaid principal balance as shown by Exhibit D. There shall be no penalty for prepayments of the Principal Balance.

6. Corona's Brine Line System Discharge Right.

a. Corona warrants and represents that it wishes to receive the transfer and assignment of the Brine Line System Discharge Right including Treatment, Disposal and Pipeline capacity with a maximum flow of 750,000 gpd. As previously required of CRC in the 1985 CRC-Western Contract, the wastewater discharged by Corona pursuant to this Agreement shall comply with all wastewater quality standards required by SAWPA's agreements with OCSD, Western's agreements with SAWPA, and SAWPA and Western ordinances and resolutions regulating the operation, use and availability of SAWPA's Brine Line System, as they may now exist or hereafter be adopted or amended.

b. Corona shall participate in the OCSD SCFC as previously required of CRC in the 1985 CRC-Western Contract, as modified by the November 2013 OCSD-SAWPA Settlement Agreement and as they may hereafter be modified in SAWPA and Western ordinances and resolutions regulating participation in the SCFC.

c. The Brine Line System Discharge Right shall be a right by Corona to deliver and an obligation of Western and SAWPA to accept and to provide for delivery, treatment and disposal in the SAWPA Brine Line System, of wastewater with the maximum Flow shown in 6.a. above. As previously required of CRC in the 1985 CRC-Western Contract, the flow rate shall be the maximum flow permitted to occur in any consecutive twenty-four hour period, as measured by SAWPA, provided the maximum flow permitted to occur in any one hour shall not exceed 1.5 x 1/24 of the Brine Line System Discharge Right without prior written approval of Western and SAWPA and shall be subject to Brine Line System capacity.

d. Corona shall not use its Brine Line System Discharge Right until SAWPA has issued a permit to Corona for the discharge to SAWPA's Brine Line System.

7. Payment of Western's Rates, Fees and Charges.

a. Corona shall pay Western's rates, fees and charges applicable to the Brine Line System Discharge Right and Corona's discharges thereto as established from time-to-time by Western and SAWPA.

8. Indemnification.

a. To the extent permitted by law, each Party to this Agreement shall defend, indemnify and hold harmless the other Parties and their officials, officers, agents and employees from and against any claims, lawsuits, losses, damages, regulatory fines, injuries and expenses, including attorneys' fees and costs, to the extent that such claims, lawsuits, losses, damages, regulatory fines, injuries and expenses are a result of the Party's negligence or errors or omissions, arising out of or relating to this Agreement; provided, however, no Party shall be required to defend, indemnify and hold harmless any other Party or its officials, officers, agents and employees from and against any claims, lawsuits, losses, damages, regulatory fines, injuries and expenses arising out of or related to the sole negligence of the other Party.

9. Miscellaneous

a. Amendments. This Agreement shall not be amended, modified or changed in any way without the written consent of all Parties.

b. Dispute Resolution and Attorney's Fees. In the event a dispute or disputes arise between the Parties related to this Agreement such disputes shall be submitted first to non-binding mediation. In the event an action is commenced by a Party to this Agreement against the other Party or Parties to enforce its rights or obligations arising from this Agreement, the prevailing Party in such action, shall be entitled to recover reasonable attorney's fees and costs.

c. Counterparts. This Agreement may be executed in counterparts, all of which, when taken together, shall constitute a fully executed original.

d. Exhibits and Recitals. All Exhibits and Recitals contained herein are hereby incorporated into this Agreement.

e. Interpretation. The agreements contained herein shall not be construed in favor of or against any Party but shall be construed as if all Parties prepared this Agreement.

f. Notices. Any notice may be served upon a Party by delivering it in person, or by depositing it in a United States Mail deposit box with the postage thereon fully prepaid, and addressed to the Party at the address set forth below:

Western: Western Municipal Water District of Riverside County
 14205 Meridian Parkway

Riverside, California 92518
Attention: General Manager

Norco: City of Norco
2870 Clark Avenue
Norco CA 92860
Attention: City Manager

CRC: California Rehabilitation Center
P.O. Box 1841
Norco, CA 92860
Attention: Warden

Corona: City of Corona
400 South Vincentia Avenue
Corona, CA 92882
Attention: City Manager

g. No Third Party Beneficiaries to this Agreement. There are no third party beneficiaries legally or equitably created by this Agreement.

h. Severability and Waiver. The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal. Waiver by any party of any portion of this Agreement shall not constitute a waiver of any other portion thereof.

i. Successors and Assigns. This Agreement shall be binding on the successors and assigns of the Parties, and shall not be assigned by any Party without prior written consent of all the other Parties.

j. Time of the Essence. Time is of the essence for each and every provision of this Agreement.

k. Warranty of Authority to Execute This Agreement. The Parties and the individuals signing this Agreement represent and warrant that they have full authority to sign this Agreement on behalf of each such Party, and that all necessary governing board or other legal actions to approve this Agreement have been taken and that no further action is required. The Parties and the individuals signing this Agreement further represent and warrant that the approval and signing of this Agreement does not violate any law or regulation applicable to the conduct of their operations.

l. Corona Utility Authority. Western, CDCR and Norco understand that the City has entered into a Water Enterprise Management Agreement and a Wastewater Enterprise Management Agreement, both dated as of February 6, 2002, with the Corona Utility Authority ("CUA") for the maintenance, management and operation of those utility systems (collectively, the "CUA Management Agreements"). To the extent that this Agreement is deemed to be a "material contract" under either of the CUA Management Agreements, City enters into this

Assignment Agreement on behalf of the CUA and no Party shall have the right to terminate this Agreement, either with or without cause, based upon the existence or non-existence of either or both of the CUA Management Agreements. Therefore, if an applicable CUA Management Agreement expires or terminates for any reason, Western, CDCR, Corona and Norco shall remain fully obligated to perform under this Agreement contracting directly with the CUA or another third party contracted by the CUA for the maintenance, management and operation of the applicable utility system.

[SIGNATURES ON FOLLOWING 2PAGES]

FIRST SIGNATURE PAGE FOR
AGREEMENT FOR THE ASSIGNMENT OF
CALIFORNIA REHABILITATION CENTER'S WASTEWATER DISCHARGE RIGHTS
BY AND AMONG
WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY,
THE CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION,
THE CITY OF CORONA
AND
THE CITY OF NORCO

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be entered into as of the date written above.

CALIFORNIA REHABILITATION CENTER/
CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION

By _____

Date: _____

Its _____

CITY OF CORONA

By _____

Date: _____

Its _____

Attest:

By: _____
City Clerk

Approved as to Form:

By: _____
City Attorney

SECOND SIGNATURE PAGE FOR
AGREEMENT FOR THE ASSIGNMENT OF
CALIFORNIA REHABILITATION CENTER'S WASTEWATER DISCHARGE RIGHTS
BY AND AMONG
WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY,
THE CALIFORNIA DEPARTMENT OF CORRECTIONS & REHABILITATION,
THE CITY OF CORONA
AND
THE CITY OF NORCO

CITY OF NORCO

By _____

Date: _____

Its _____

WESTERN MUNICIPAL WATER DISTRICT

By _____

Date: _____

Its _____

EXHIBIT A

CRC DISCHARGE Agreement AMONG CRC, CORONA, NORCO AND WESTERN

ENTIRE CRC LATERAL FROM THE CRC TO THE SAWPA BRINE LINE CONNECTION

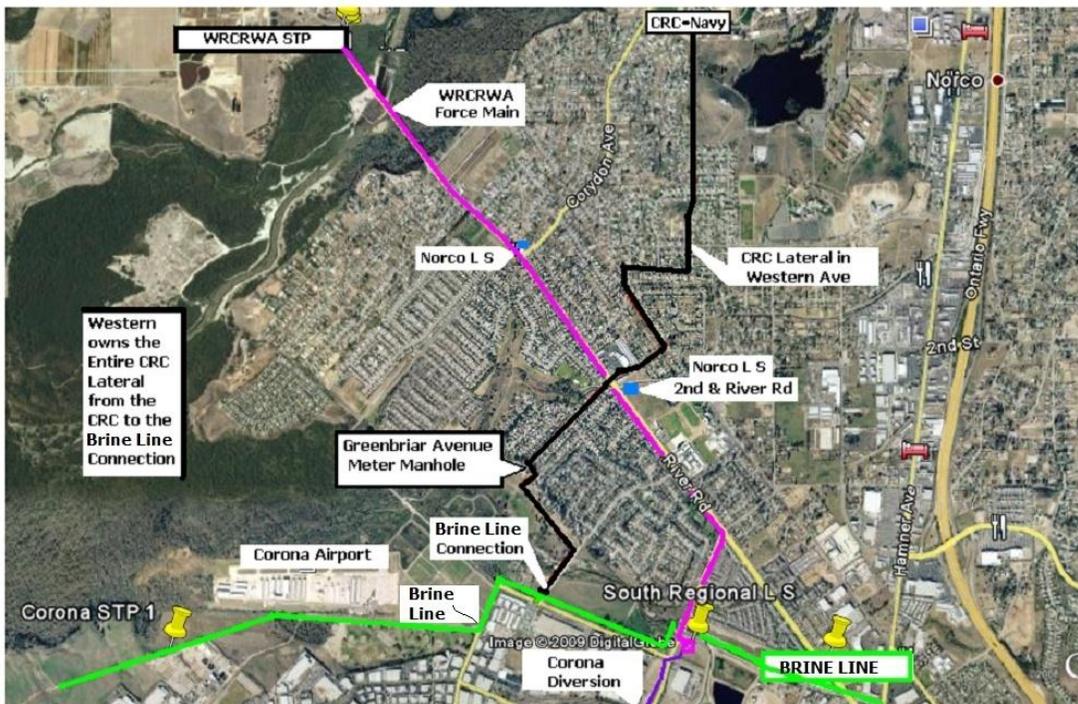


EXHIBIT B

CRC DISCHARGE Agreement
AMONG CRC, CORONA, NORCO AND WESTERN



EXHIBIT C
Quit Claim Deed Form

When recorded, mail to:

Western Municipal Water District
14205 Meridian Parkway
Riverside, CA 92518

and

City of Norco
2870 Clark Avenue
Norco, CA 92860

(Exempt: Gov't Code 6103)
No Tax Due: Grantor and Grantee are public agencies

Space above this line is reserved for recorder

QUITCLAIM DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Western Municipal Water District of Riverside County, a public agency organized and existing under, and by virtue of, the Municipal Water District Law of 1911, (Grantor), hereby remises, releases and quitclaims to the City of Norco, a public agency organized and existing as a municipal corporation, (Grantee), Grantor's right, title and interest in that certain pipeline known as the Northern CRC Lateral from Station 60+57 near 2nd Street and River Road to Station 162+00 near Western Avenue and 5th Street in the City of Norco, generally within Sections 11, 12, 13 and 14, Township 3 South, Range 7 West, San Bernardino Base and Meridian, as shown on Attachment No. 1 hereto and on Exhibit B of the Agreement for the Assignment of California Rehabilitation Center's Wastewater Discharge Rights by and among Western Municipal Water District Of Riverside County, The California Department of Corrections & Rehabilitation, The City of Corona and The City of Norco.

SEE ATTACHMENT NO. 1

Dated: _____

Western Municipal Water District of Riverside County

Signed by: _____
John V. Rossi, General Manager

**ATTACHMENT NO. 1
to the
Quit Claim Deed**

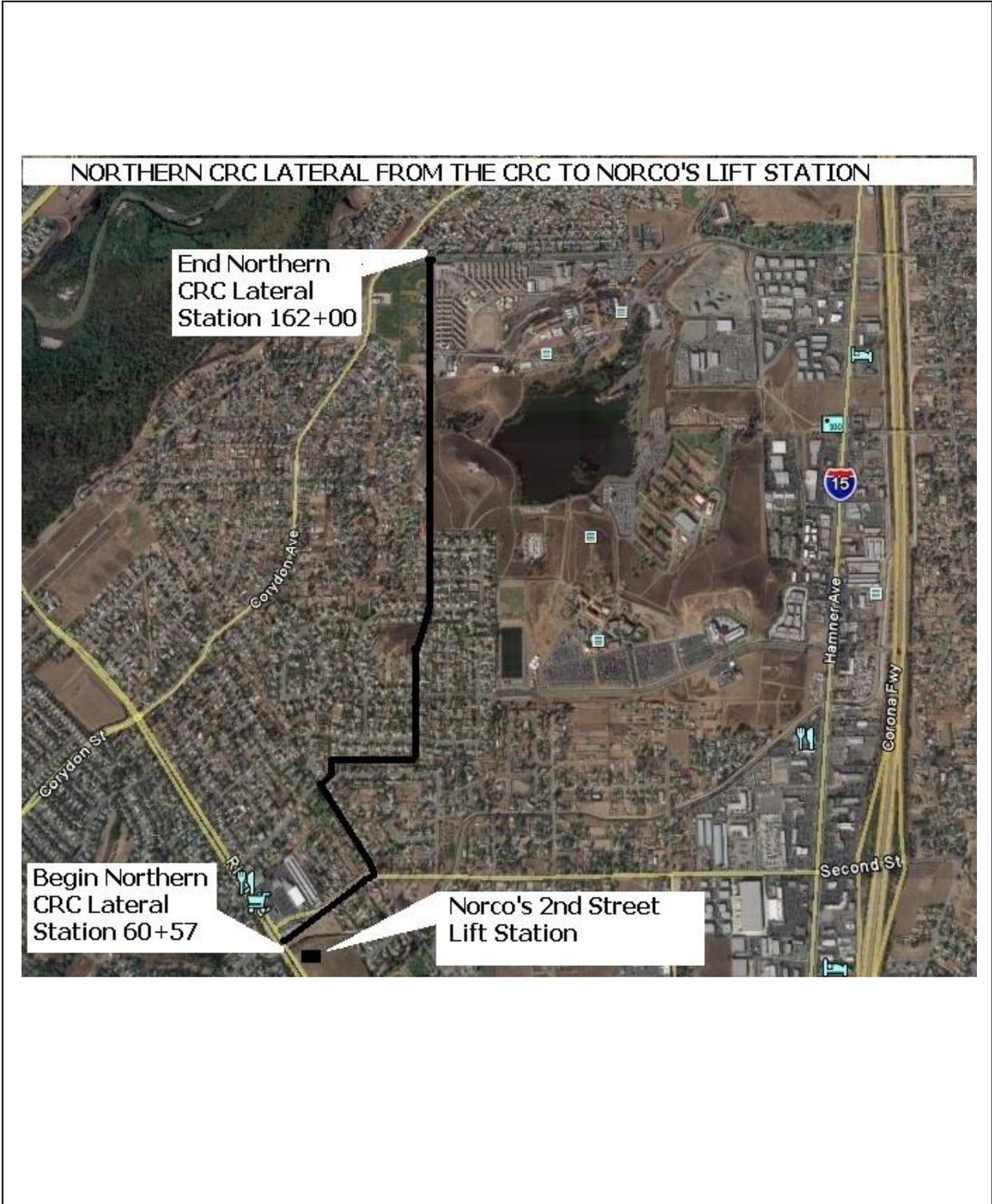


EXHIBIT D

Corona Payment Schedule

Corona Payment Schedule for 750,000 gpd Brine Line System Discharge Right

SAWPA's Brine Line Price	\$13,152,868 per mgd or	\$9,864,651	for a gpd of	750,000
Annual Payments to Norco				
Pricing for	750,000	gpd Brine Line System Discharge Right		\$9,864,651
Adjustments if any		Initial payment made with execution of Agreement		\$1,000,000
Adjustments if any				
Total Principal Installment Amount after Initial Payment				\$8,864,651
Annual Installment Payment =	\$600,000	Interest Rate %	=	3.00%

	Year End payment	Starting amt owed	3.00% Interest Payment	Principal Payment	Balance Next Year
First Paym't		\$9,864,651	0	\$1,000,000	\$8,864,651
End of Year 1	\$600,000	\$8,864,651	\$265,940	\$334,060	\$8,530,591
2	\$600,000	\$8,530,591	\$255,918	\$344,082	\$8,186,508
3	\$600,000	\$8,186,508	\$245,595	\$354,405	\$7,832,103
4	\$600,000	\$7,832,103	\$234,963	\$365,037	\$7,467,067
5	\$600,000	\$7,467,067	\$224,012	\$375,988	\$7,091,079
6	\$600,000	\$7,091,079	\$212,732	\$387,268	\$6,703,811
7	\$600,000	\$6,703,811	\$201,114	\$398,886	\$6,304,925
8	\$600,000	\$6,304,925	\$189,148	\$410,852	\$5,894,073
9	\$600,000	\$5,894,073	\$176,822	\$423,178	\$5,470,895
10	\$600,000	\$5,470,895	\$164,127	\$435,873	\$5,035,022
11	\$600,000	\$5,035,022	\$151,051	\$448,949	\$4,586,073
12	\$600,000	\$4,586,073	\$137,582	\$462,418	\$4,123,655
13	\$600,000	\$4,123,655	\$123,710	\$476,290	\$3,647,365
14	\$600,000	\$3,647,365	\$109,421	\$490,579	\$3,156,786
15	\$600,000	\$3,156,786	\$94,704	\$505,296	\$2,651,489
16	\$600,000	\$2,651,489	\$79,545	\$520,455	\$2,131,034
17	\$600,000	\$2,131,034	\$63,931	\$536,069	\$1,594,965
18	\$600,000	\$1,594,965	\$47,849	\$552,151	\$1,042,814
19	\$600,000	\$1,042,814	\$31,284	\$568,716	\$474,098
20	\$488,321	\$474,098	\$14,223	\$474,098	\$0
21	\$0	\$0	\$0	\$0	\$0
22	\$0	\$0	\$0	\$0	\$0
23	\$0	\$0	\$0	\$0	\$0
Total Installment	\$11,888,321				
Total + \$1 Initial	\$12,888,321		\$3,023,670	\$9,864,651	

File: Norco/ CRC/ Agreements/ SARI_payment-sched_Corona.xls

nlt -5-2-14

City of Norco, California
SARI Transaction - Sources and Uses of Funds

Description	Amount	Notes
Sources of Funds:		
Down Payment by City of Corona	\$ 1,000,000	Down Payment
Total	<u>\$ 1,000,000</u>	
Western Municipal Water District	\$ (345,000)	Purchase 15" Northern Lateral
Western Municipal Water District	(22,400)	Relocation of SARI Meter
Western Municipal Water District	(9,000)	Temporary Right of Entry
Western Municipal Water District	(20,000)	Administrative Cost Reimbursement
City of Norco Sewer Fund	(603,600)	Reimbursement of Costs
Total Uses of Funds	<u>\$ (1,000,000)</u>	
Outstanding Obligations:		
SRF Loan for Expansion	\$ 6,003,265	8.33% of Expansion Loan Principal
Interest on SRF Loan	1,233,720	8.33% of Expansion Loan Interest over 20
Subtotal	<u>\$ 7,236,985</u>	Years at 1.9%
Capital Improvements (\$1,019,764 - \$603,600)	\$ 416,164	Remaining cost of improvements Paid from Sewer Fund
Interest on Outstanding Improvement Cost	87,962	Interest on \$806,400 over 20 Years @1.9%
Subtotal	<u>\$ 504,126</u>	
Total Outstanding Obligations	\$ 7,741,111	
Sale Price of SARI Rights to Corona	\$ 9,864,651	
Interest @ 3%	3,023,670	
Less Down Payment	(1,000,000)	
Total Amount of Future Payments	\$ 11,888,321	
Total Future Payments to be Deposited to Special Asset Revenue Fund	\$ 4,147,210	

City of Norco, California
SARI Line Transaction
Distribution of City of Corona Installment Payments

Year	Corona Payment	SRF Loan	Sewer Fund	Special Asset Revenue Fund	Total	
1	600,000	365,248	25,443	209,308	600,000	
2	600,000	365,248	25,443	209,308	600,000	
3	600,000	365,248	25,443	209,308	600,000	
4	600,000	365,248	25,443	209,308	600,000	
5	600,000	365,248	25,443	209,308	600,000	
6	600,000	365,248	25,443	209,308	600,000	
7	600,000	365,248	25,443	209,308	600,000	
8	600,000	365,248	25,443	209,308	600,000	
9	600,000	365,248	25,443	209,308	600,000	
10	600,000	365,248	25,443	209,308	600,000	
11	600,000	365,248	25,443	209,308	600,000	
12	600,000	365,248	25,443	209,308	600,000	
13	600,000	365,248	25,443	209,308	600,000	
14	600,000	365,248	25,443	209,308	600,000	
15	600,000	365,248	25,443	209,308	600,000	
16	600,000	365,248	25,443	209,308	600,000	
17	600,000	365,248	25,443	209,308	600,000	
18	600,000	365,248	25,443	209,308	600,000	
19	600,000	365,248	25,443	209,308	600,000	
20	488,321	297,264	20,707	170,350	488,321	
Totals	\$ 11,888,321	7,236,985	504,126	4,147,210	11,888,321	
		60.87%	4.24%	34.88%	100.00%	
O/S	\$	7,236,985	\$	504,126	\$	11,888,321

City of Norco, California
SARI Line Transaction
Sewer Fund Improvements

Design, Survey, Environmental, Material and Labor to Install Metering Facilities for CRC Property	\$ 350,000
Design, Survey, Environmental, Material and Labor to Install Auger/Grind Facilities	383,456
Install Sewer Manholes to Separate CRC/Navy Flows	60,000
Extension of Sewer Collection Pipelines to Discharge CRC Flows	<u>226,308</u>
Total	<u>\$ 1,019,764</u>

Loan Amortization Schedule

Enter values	
Loan amount	\$ 416,164.00
Annual interest rate	1.90 %
Loan period in years	20
Number of payments per year	1
Start date of loan	7/1/2015
Optional extra payments	

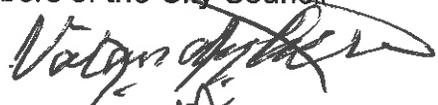
Loan summary	
Scheduled payment	\$ 25,206.27
Scheduled number of payments	20
Actual number of payments	20
Total early payments	\$ -
Total interest	\$ 87,961.50

Lender name: City of Norco Sewer Fund

Pmt. No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	7/1/2016	\$ 416,164.00	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 17,299.16	\$ 7,907.12	\$ 398,864.84	\$ 7,907.12
2	7/1/2017	\$ 398,864.84	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 17,627.84	\$ 7,578.43	\$ 381,237.00	\$ 15,485.55
3	7/1/2018	\$ 381,237.00	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 17,962.77	\$ 7,243.50	\$ 363,274.23	\$ 22,729.05
4	7/1/2019	\$ 363,274.23	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 18,304.06	\$ 6,902.21	\$ 344,970.16	\$ 29,631.26
5	7/1/2020	\$ 344,970.16	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 18,651.84	\$ 6,554.43	\$ 326,318.32	\$ 36,185.69
6	7/1/2021	\$ 326,318.32	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 19,006.23	\$ 6,200.05	\$ 307,312.09	\$ 42,385.74
7	7/1/2022	\$ 307,312.09	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 19,367.35	\$ 5,838.93	\$ 287,944.75	\$ 48,224.67
8	7/1/2023	\$ 287,944.75	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 19,735.32	\$ 5,470.95	\$ 268,209.42	\$ 53,695.62
9	7/1/2024	\$ 268,209.42	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 20,110.30	\$ 5,095.98	\$ 248,099.13	\$ 58,791.60
10	7/1/2025	\$ 248,099.13	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 20,492.39	\$ 4,713.88	\$ 227,606.74	\$ 63,505.48
11	7/1/2026	\$ 227,606.74	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 20,881.75	\$ 4,324.53	\$ 206,724.99	\$ 67,830.01
12	7/1/2027	\$ 206,724.99	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 21,278.50	\$ 3,927.77	\$ 185,446.49	\$ 71,757.79
13	7/1/2028	\$ 185,446.49	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 21,682.79	\$ 3,523.48	\$ 163,763.70	\$ 75,281.27
14	7/1/2029	\$ 163,763.70	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 22,094.76	\$ 3,111.51	\$ 141,668.93	\$ 78,392.78
15	7/1/2030	\$ 141,668.93	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 22,514.57	\$ 2,691.71	\$ 119,154.37	\$ 81,084.49
16	7/1/2031	\$ 119,154.37	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 22,942.34	\$ 2,263.93	\$ 96,212.02	\$ 83,348.42
17	7/1/2032	\$ 96,212.02	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 23,378.25	\$ 1,828.03	\$ 72,833.78	\$ 85,176.45
18	7/1/2033	\$ 72,833.78	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 23,822.43	\$ 1,383.84	\$ 49,011.34	\$ 86,560.29
19	7/1/2034	\$ 49,011.34	\$ 25,206.27	\$ -	\$ 25,206.27	\$ 24,275.06	\$ 931.22	\$ 24,736.29	\$ 87,491.51
20	7/1/2035	\$ 24,736.29	\$ 25,206.27	\$ -	\$ 24,736.29	\$ 24,266.30	\$ 469.99	\$ -	\$ 87,961.50

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Lori J. Askew, Director of Public Works 

DATE: November 19, 2014

SUBJECT: Approval of Additional Street Improvement Projects and Appropriation of Additional Funds from the 2014/15 Fiscal Year, Measure "A" Projects Fund 137

RECOMMENDATION: Adopt **Resolution No. 2014-67**, adding three (3) street improvement projects, and appropriating additional funds in the amount of \$1,004,000 to the 2014/15 fiscal year, Measure "A" Projects Fund 137.

SUMMARY: City Council approved the Capital Improvement Program (CIP) budget on June 4, 2014. Included in the CIP, Measure "A" Fund 137 was a total of seventeen (17) projects totaling \$1,167,000 for fiscal years 2014/2015. Staff is requesting to add three (3) additional street projects, with estimated value of design and construction at \$1,004,000 to the 2014/15 fiscal year, Measure "A" Projects Fund 137.

BACKGROUND/ANALYSIS: On June 4, 2014, City Council approved the Capital Improvement Program. Included within the five-year CIP for FY 2014/15 Measure "A" Projects Fund 137, were seventeen (17) projects with a total estimated cost of \$1,167,000.00. The projects vary from slurry seal of streets, to total reconstruction of a street, to traffic signal improvements. Funding for these projects is from Measure "A" funds received by Riverside County through the one-half percent sales tax for transportation improvements. The City receives approximately \$500,000 annually from Measure "A" to fund various street improvement projects. Projects that staff determines fit the criteria for spending of Measure "A" funds are listed within the City's CIP but also require approval by the Riverside County Transportation Commission Board of Commissioners prior to spending of money for these projects.

Subsequent to the adoption of the five-year CIP and in order to avoid excess accumulation of Measure "A" funds, City Council has requested that staff include additional projects to the ones listed within the approved CIP. Staff has selected various street projects based on a report prepared by RKA Consulting Group, the City's contract City Engineer. The report titled Pavement Evaluation and Pavement Management Program (PMS) lists every public street within the City, gives a rating of condition, and lists improvement recommended for that street. Based on this report, staff has selected three (3) additional streets to be added to the list of projects to be funded by Measure "A" funding. Estimated design and construction cost of these projects is \$1,004,000.

Approval of Additional Street Improvement Projects and Appropriation of Additional Funds
from FY 2014/15 Measure "A" Projects Fund 137

Page 2

November 19, 2014

Staff is requesting City Council approve the list of additional projects and authorize appropriation of additional funds in the amount of \$1,004,000 from Fund 137. Once approved by City Council, staff will submit a request to Riverside County Transportation Commission to have these projects added to their list of approved projects for FY 2014-2015. This then requires approval by the Board of Commissioners. Staff will know if the projects are approved within three months.

FINANCIAL IMPACT: The recommended changes will result in additional authorized expenditures of \$1,004,000 from the Measure "A" Projects Fund 137. Current fund balance at the end of FY 2014/15 is estimated to be \$2,143,357. If City Council approves this additional appropriation, the estimated fund balance at the end of FY 2014/15 will be \$1,139,357.

Attachment: Resolution No. 2014-67
Additional Street Project List

RESOLUTION NO. 2014-67

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, APPROVING THE ADDITION OF THREE STREET IMPROVEMENT PROJECTS, AND APPROPRIATING ADDITIONAL FUNDS IN THE AMOUNT OF \$1,004,000 TO THE CAPITAL IMPROVEMENT PROGRAM FISCAL YEAR 2014-2015, MEASURE "A" PROJECTS FUND 137.

WHEREAS, the Norco City Council ("Council") approved the FY 2015-2019 Capital Improvement Program for the construction of public improvements for the benefit of the Community; and

WHEREAS, the Measure "A" Projects Fund 137 has seventeen projects listed totaling \$1,167,000 for fiscal year 2014/2015; and

WHEREAS, projects listed in FY 2014-2015 vary from slurry seal of streets to total reconstruction of streets to traffic signal improvements; and

WHEREAS, funding for these projects is from Measure "A" funds received by Riverside County through the one-half percent sales tax for transportation improvements; and

WHEREAS, the City receives approximately \$500,000 annually from Measure "A" to fund various street improvement projects; and

WHEREAS, the projects staff determines fit the criteria for spending of Measure "A" funds require approval by the Riverside County Transportation Commission Board of Commissioners prior to spending of money for these projects; and

WHEREAS, subsequent to the adoption of the five-year CIP, City Council has requested additional street improvement projects be added to the CIP; and

WHEREAS, the City's contract City Engineer has produced a report that lists every public street within the City, gives a rating of its condition and a recommendation of improvement; and

WHEREAS, staff has selected three additional streets, (Sixth Street, Norco Drive and Hamner Avenue), from this report to be added to the list of projects to be funded by Measure "A"; and

WHEREAS, the estimated design and construction cost of these three projects is \$1,004,000; and

NOW, THEREFORE, BE IT RESOLVED that the three additional streets be added to the Measure "A" Fund 137, list of street improvement projects and the amount of \$1,004,000 shall be appropriated from the Measure "A" Capital Improvement Program Fund 137 to fund these three additional projects.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on November 19, 2014.

Mayor of the City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

I, CHERYL L. LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on November 19, 2014, by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

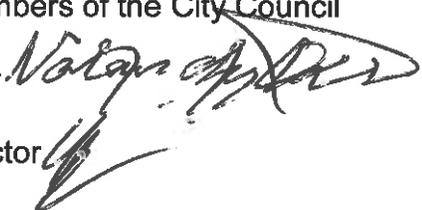
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on November 19, 2014.

Cheryl L. Link, City Clerk
City of Norco, California

CAPITAL IMPROVEMENT PROGRAM MEASURE "A" FUND 137 - ADDITIONAL STREET PROJECTS											
ID	STREET	FROM	TO	LENGTH	WIDTH	SF AREA	CLASSIFICATION	Treatment	Cost/SF	PROJECT CONSTRUCTION COST	PROJECT DESIGN COST
249	Hamner Avenue	Second St	N/o First St	2,225	82	182,450	A	Slurry Seal	\$0.17	\$31,017	City
509	Hamner Avenue	Second St	Third St	2,628	82	215,496	A	Slurry Seal	\$0.17	\$36,634	City
			TOTALS	4,853		397,946				\$67,651	
126	Norco Drive	Fifth St	Shadow Canyon Cir	797	48	38,256	C	Reconstruct	\$4.63	\$177,125	\$26,569
124	Norco Drive	Shadow Canyon Cir	Shadow Canyon Cir	1,347	48	64,656	C	Single Chip Seal	\$0.23	\$14,871	City
131	Norco Drive	Shadow Canyon Cir	Alhambra St	847	49	41,503	C	Reconstruct	\$4.63	\$192,159	\$28,824
125	Norco Drive	Alhambra St	Rocky View Dr	1,543	49	75,607	C	Reconstruct	\$4.63	\$350,060	\$52,509
			TOTALS	4,534		220,022				\$734,215	\$107,902
526	Sixth Street	Sierra Ave	Valley View Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
527	Sixth Street	Valley View Ave	Corona Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
528	Sixth Street	Corona Ave	Temescal Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
529	Sixth Street	Temescal Ave	Hillside Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
530	Sixth Street	Hillside Ave	Pedley Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
531	Sixth Street	Pedley Ave	California Ave	1,321	60	79,260	A	Slurry Seal	\$0.17	\$13,474	City
221	Sixth Street	Crestview Dr	End	1,301	34	44,234	R	Slurry Seal	\$0.17	\$7,520	City
238	Sixth Street	Crestview Dr	California	1,000	35	35,000	R	Slurry Seal	\$0.17	\$5,950	City
			TOTALS	10,227		554,794				\$94,315	
			GRAND TOTAL	19,614		1,172,762				\$896,181	\$107,902
											\$1,004,083

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: November 19, 2014

SUBJECT: **Entertainment Permit 2012-01, Modification 1 (Crain/Jensen):** A request to modify approved Entertainment Permit 2012-01 to expand the list of activities allowed with the permit.

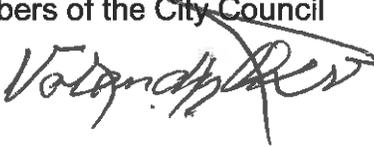
RECOMMENDATION: Continue to December 3, 2014.

BACKGROUND: The owners of Water Wheel Saloon and Restaurant are requesting an expansion of an existing Entertainment Permit to encompass more activities within a greater range of allowable hours. A modification to an Entertainment Permit requires approval by the City Council.

The item requires more review and study before it can be presented to the City Council and staff is requesting the continuance.

CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Brian K. Petree, Director
Department of Parks, Recreation and Community Services

DATE: November 19, 2014

SUBJECT: Approved Projects for Use of Community Development Block Grant Funds (Program Year 2015-2016) Through the U. S. Department of Housing and Urban Development and the County of Riverside Economic Development Agency

RECOMMENDATION: Staff recommends the following projects be submitted for funding through the Community Development Block Grant Program for Program Year 2015-2016:

- 1. Norco Party Partners**
- 2. Senior Citizens Recreation and Community Service Leader**
- 3. Ingalls Park ADA Restroom Project**

SUMMARY: Applications for 2015-2016 Community Development Block Grant (CDBG) funds are due to the Riverside County Economic Development Agency (EDA) no later than November 21, 2014. The City has been asked to estimate funding needs based on funding received for current Program Year 2014-2015, and is presenting funding applications for Council consideration based on an estimate. Final adjustments will be made to selected programs and projects once the actual allocation amount is known.

BACKGROUND/ANALYSIS: The City of Norco participates in the CDBG funding program and receives grant funding as a "cooperating city" through the County of Riverside. Recipients of CDBG funds may only use 15% of their annual allocation for Public Service programs. Public Service programs are social service programs and activities that improve the community's social services network such as crime prevention, child care, health care, education, recreational needs, and others.

Staff has not yet received an estimate of available funding for CDBG Program Year 2015-2016; however, the City will likely receive \$12,070 for Public Service programs. The remaining funds (estimated to be \$75,000) must be used for Public Facilities projects.

To be eligible for consideration the projects, programs and activities must meet one of the following national objectives:

1. The project or activity will benefit low- and/or moderate-income persons; or
2. The project will prevent or eliminate slum or blight; or
3. The project will meet a need having particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community.

Staff is submitting three applications for consideration. All applications meet the CDBG Program funding requirements for either Public Service or Public Facilities. Of the three applications, two request Public Service funds and one seeks Public Facilities funds.

Applications for Public Service programs total \$30,211 which will probably slightly exceed the amount that will be allocated to the City. The amount of \$110,000 is requested for Public Facilities projects. Projects recommended for funding are:

PUBLIC SERVICE PROGRAMS:

NORCO PARTY PARTNERS - DEVELOPMENTALLY CHALLENGED PROGRAM

Program Budget: \$20,000 **Funding Request: \$6,034**

This program provides planned recreational and social activities for developmentally challenged adults 18 and older, and has traditionally received part of its funding through the City of Corona CDBG Program. Staff will be submitting an application to the City of Corona for funding through its CDBG Program for program year 2015-2016 in December, but is uncertain if funding will be approved. If funds are not approved with the City of Corona for Fiscal Year 2015-2016, staff will have to secure donations to cover the remaining costs of staff and materials, the balance of the funding will have to be proposed and programmed as part of the City's upcoming fiscal year budget.

SENIOR CITIZENS RECREATION AND COMMUNITY SERVICE LEADER

Program Budget: \$10,211 **Funding Request: \$6,035**

This program provides a part-time staff person at the Norco Senior Center to coordinate senior activities and special events. The balance of funding will come from the City's General Fund.

PUBLIC FACILITIES PROJECTS:

INGALLS PARK ADA RESTROOM PHASE II

Program Budget: \$75,000 **Funding Request: \$110,000**

Restrooms at City parks had seriously deteriorated and had become a health and safety concern. Restroom/shower renovations have started at George Ingalls Equestrian Event Center in Phase I of the project. For Program Year 2015-2016, we are seeking funding to bring

restrooms up to user capacity with ADA compliance at Ingalls Park where an old restroom has been removed due to deterioration and an unsafe condition.

FINANCIAL IMPACT: If funding is approved for the listed projects, there will be no impact to the City budget for these programs and serves.

**CITY OF NORCO
STAFF REPORT**

TO: Honorable Mayor and Members of the City Council

FROM: Andy Okoro, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: November 19, 2014

SUBJECT: **Appeal 2014-02 (McGreevey)** An appeal of the Planning Commission's denial of Conditional Use Permit 2011-28, Modification No. 1: A request for approval to allow a 528 square-foot patio cover addition to an existing detached accessory building at 3067 Pacer Driver located within the A-1-20 Zone. (Planning Director)

SUMMARY: At its meeting on October 29, 2014, the Planning Commission denied Conditional Use Permit 2011-28, Modification No.1 and the applicant has appealed that decision to the City Council. The City Council can either uphold the Planning Commission action or overturn that action and approve the project with conditions of approval as deemed necessary.

BACKGROUND/ANALYSIS: The subject property is located within the A-1-20 zone, consists of about .46 acres/20,038 square-feet and is developed with a single family residence (ref. Exhibit "A" – Location Map, ref. Exhibit "B" – APN Map and Exhibit "E" – Aerial and Site Photos).

Conditional Use Permit 2011-28 was originally approved to allow a 1,456 square-foot storage and shop building on the subject property (ref. Exhibit "C" – Approved Site Plan). This modification is being requested to allow a patio cover addition to the existing building. The patio cover has already been installed, and there is a code compliance case on the property requiring that permits be obtained. Approval of this modification is the first step towards compliance, since it is required before building permits are issued.

Accessory buildings that exceed 864 square feet require approval of a conditional use permit by the Planning Commission. The patio cover is not over 864 square feet, but is being attached to a building that has an existing conditional use permit that allowed an accessory building over 864 square feet.

Because this accessory building addition was denied by the Planning Commissions, it is now being reviewed by the City Council on an appeal.

The site plan and building elevation for the proposed building are attached (ref. Exhibit "D" – Site Plan and Building Elevations). The patio cover is wood framed and matches the existing structure in color (please refer to the site photos in Exhibit "E" for a picture of the patio).

The following is required of accessory buildings in the A-1-20 Zone:

- A minimum of five feet from property lines and pools, and 10 feet from any other structure are the minimum required setbacks for accessory buildings. **The proposed building meets these requirements.**
- The maximum height of any accessory structure that exceeds 864 square feet is 20 feet, or as approved by the Planning Commission or in this case by the City Council. **The structure is proposed with a maximum height of 11 feet 4 inches.**
- The maximum lot coverage of all structures shall be not more than 40% of the total pad area. The pad area is defined as the "flat" part of the lot (4% grade or less). **The subject property is approximately 20,038 square feet with a pad of about 16,068 square feet. The pad coverage for the property is approximately 38%, which takes into account the existing and proposed structures.**
- A contiguous open animal area must be shown on the site plan which must be rectangular in shape with a minimum of 24 feet on any side. The total open area must be equal to the allowed number of animal units multiplied by 576 square feet. **Based on the size of the property, a total of five animal units would be allowed which would require an open area of at least 2,880 square feet. There is an open area of at least 2,880 square feet in between the existing house and the proposed structure.**

This proposed open animal area is generally in the same area that was approved with Conditional Use Permit 2011-28, but has been moved up closer to the house to allow room for the new patio cover. Furthermore, the proposed open animal area consists of more pavement than what was there when Conditional Use Permit 2011-28 was first approved (ref. Exhibit "E" – Current Aerial and Site Photos and Exhibit "F" – Original Aerial and Site Photos). The additional pavement was reported to the Planning Commission as concrete, but per the applicant, it is not concrete but rather pavers that can be removed. Staff has re-inspected the site and has found this to be correct (ref. Exhibit "G" – Pictures of Pavers).

As proposed, the project meets the minimum requirements for an addition to an accessory building that is over 864 square feet. However; the Planning Commission voted 3-2 to deny the project. The primary issue for the denial votes was due to the

RESOLUTION NO. 2014-68

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO GRANTING WITH CONDITIONS A MODIFICATION TO CONDITIONAL USE PERMIT 2011-28 TO ALLOW A 528 SQUARE-FOOT PATIO COVER ADDITION TO AN EXISTING DETACHED ACCESSORY BUILDING AT 3067 PACER DRIVE LOCATED WITHIN THE A-1-20 ZONE. (CONDITIONAL USE PERMIT 2011-28, MODIFICATION NO. 1)

WHEREAS, an application to the City of Norco, California has been submitted for a modification to Conditional Use Permit 2011-28 under the provisions of Chapter 18.45, Title 18 of the Norco Municipal Code by JACK AND CINDY MCGREEVEY for property located at 3067 Pacer Drive (APN 129-373-002); and

WHEREAS, at the time set, at 7 p.m. on October 29, 2014 within the Council Chambers at 2820 Clark Avenue, Norco, California, 92860, said petition was heard by the Planning Commission for the City of Norco; and

WHEREAS, at said time and place, said Planning Commission heard and considered both oral and written evidence pertaining to said application; and

WHEREAS, said Planning Commission denied Conditional Use Permit 2011-28, Modification No.1; and

WHEREAS, said denial was appealed to the City Council and was scheduled for a public hearing before the City Council on November 19, 2014; and

WHEREAS, notice of a public hearing on said petition has been given in the manner and for times required by law; and

WHEREAS, at the time set; at 7 p.m. on November 19, 2014 within the Council Chambers at 2820 Clark Avenue, Norco, California, 92860, said appeal was heard by the City Council for the City of Norco; and

WHEREAS, at said time and place set, said City Council considered the aforesaid application and considered both oral and written evidence pertaining to said application; and

WHEREAS, the City of Norco, acting as the Lead Agency, has determined that the proposed project is categorically exempt from environmental assessment; and

NOW, THEREFORE, the City Council of the City of Norco does hereby make the following FINDINGS AND DETERMINATION:

I. FINDINGS:

- A. The requested Conditional Use Permit modification will not adversely affect the general welfare of persons residing or working in the neighborhood thereof.
- B. The requested use will not adversely affect the adjoining land uses.
- C. The size and shape of the site proposed for the use is adequate to allow full development of the proposed use.
- D. The traffic generated by the proposed use will not impose an undue burden.
- E. The City of Norco, acting as lead agency, has determined that the project is categorically exempt from environmental assessment per Section 3.13, Class 3 of the City of Norco Environmental Guidelines.

DETERMINATION:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Norco, California, in session assembled Conditional Use Permit 2011-28, Modification No.1 is approved, subject to the conditions provided in Section 18.45.14 of the Municipal Code of Norco, and including, but not limited to the following conditions:

1. Approval is based on Exhibit "D" – Site Plan and Building Elevations dated August 19, 2014 and incorporated herein by reference and on file with the Planning Division. Development shall occur as shown unless otherwise noted in these conditions.
2. The recorded owner of the property shall submit to the Planning Division for record purposes, written evidence of agreement with all conditions of this approval before said permit shall become effective.
3. The project shall be in compliance with all City of Norco Municipal Codes, Ordinances and Resolutions. Non-compliance with any provisions of the Norco Municipal Code (NMC) not specifically waived in compliance with City procedures shall constitute cause for revocation and/or termination of the approvals granted under authority of this permit.
4. In the event conditions for approval by the Planning Commission, or City Council (as the case may be) require the revision of plans as submitted, the applicant shall submit four copies of the approved plan (revised to incorporate conditions

for approval) to the Planning Division for record purposes for approval of any grading and/or building permits.

5. No occupancy of any building and/or structure shall be permitted which is not in compliance with approved plans and excepting upon specific review and approval of any "as built" modifications by the Planning Director as appropriate. Provided further, that no expansion of use beyond the scope and nature described in this application which would tend to increase the projected scale of operations shall be permitted except upon application for, and approval of, modification of this application in compliance with all procedures and requirements thereof.
6. The applicant shall obtain building permits and pay all applicable fees for the structure on the subject property.
7. The applicant shall comply with all requirements from the Planning, Engineering, and Building Divisions; and the Fire and Sheriff's Departments; and all other applicable departments and agencies.
8. A home occupation business shall not be permitted from the subject building.
9. The subject patio addition shall complement the existing accessory building in color and material.
10. This approval is for a patio cover attached to an existing storage and shop building. It is hereby established that it shall be grounds for revocation of this conditional use permit if the property owner has:
 - A. Violated any rule, regulation or condition of approval adopted by the Planning Commission relating to the conditional use permit; or
 - B. Conducted the operation permitted hereunder in a manner contrary to the peace, health, safety and general welfare of the public or in a manner which either generates or contributes to noise and/or health/sanitation nuisances, or which results in undesirable activities or creating an increased demand for public services.
11. Building permits for this accessory building are issued within the confines of this Conditional Use Permit. Any violation of a condition resulting in a revocation of this Conditional Use Permit may result in an order to remove the accessory building at the owner's expense.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on November 19, 2014.

Mayor of the City of Norco, California

ATTEST:

Cheryl L. Link, City Clerk
City of Norco, California

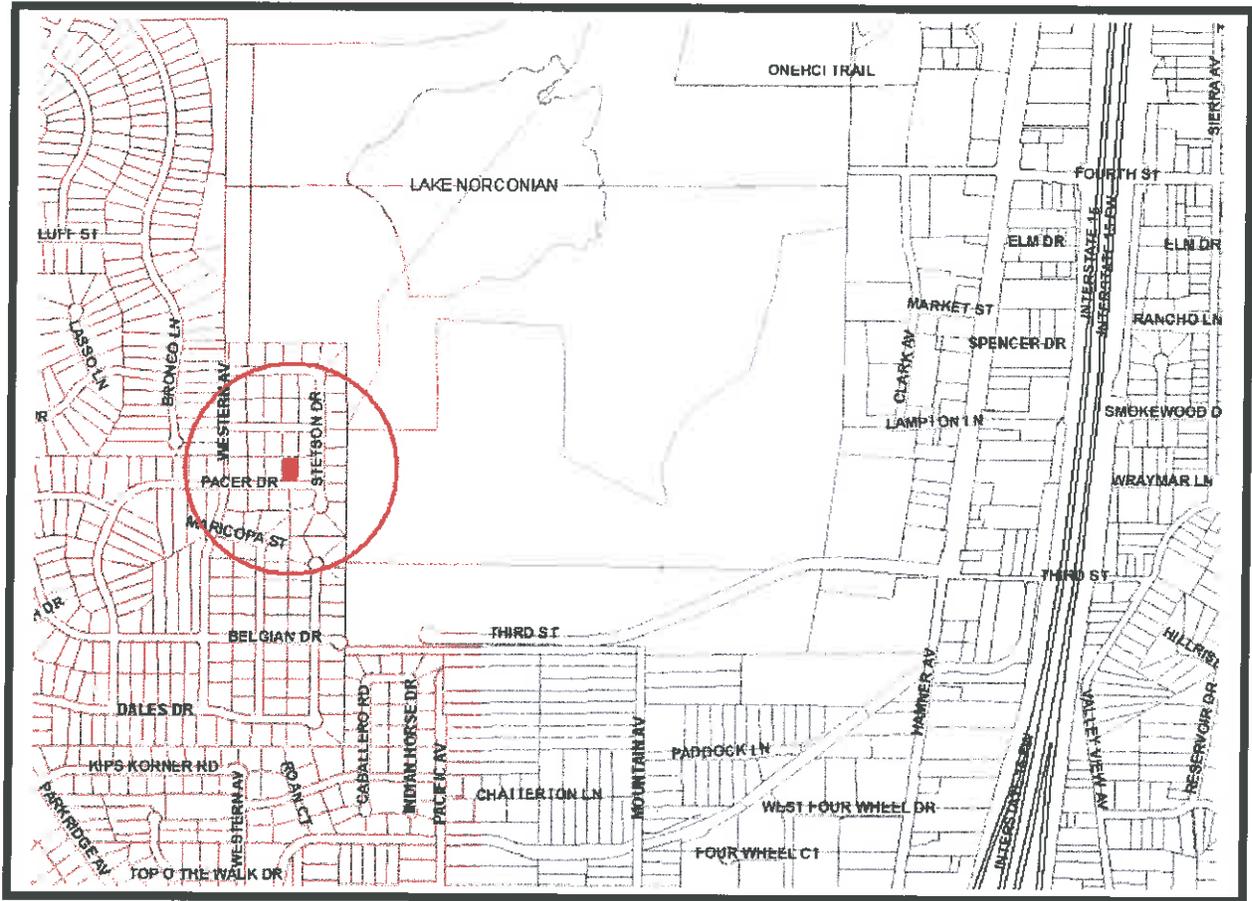
I, CHERYL L. LINK, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on November 19, 2014 by the following vote of the City Council:

AYES:
NOES:
ABSENT:
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on November 19, 2014.

Cheryl L. Link, City Clerk
City of Norco, California

LOCATION MAP



Not to Scale



PROJECT: Conditional Use Permit 2011-28, Modification No.1
APPLICANT: Jack and Cindy McGreevy
LOCATION: 3067 Pacer Drive

Exhibit "A"

ASSESSOR'S PARCEL MAP

THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY. NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN. ASSESSOR'S PARCEL MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.

SEC. 11 12 13 14 T. 3S., R. 7W
CITY OF NORCO

T.R.A. 015-007

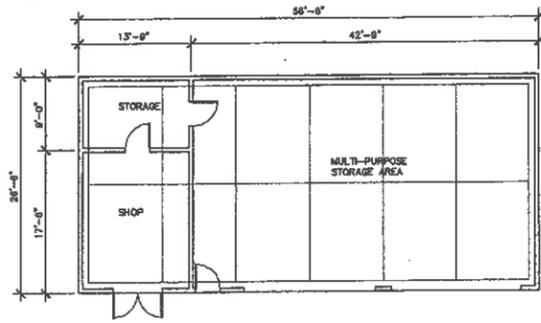
129-37
129-15



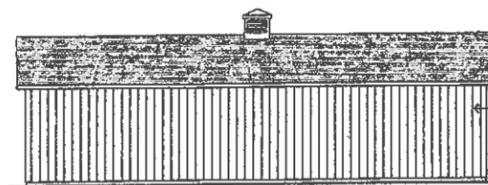
688

SITE AND BUILDING SUMMARY

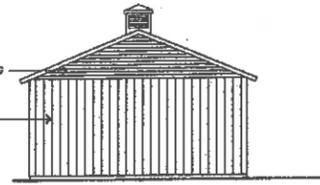
SITE AREA	20,000 S.F.
EXISTING DWELLING FOOTPRINT AREA	3,300 S.F.
EXISTING PATIO COVER FOOTPRINT AREA	870 S.F.
PROPOSED STORAGE BUILDING FOOTPRINT AREA	1,487 S.F.
TOTAL BUILDING FOOTPRINT (COVERAGE)	5,657 S.F.
40% MAXIMUM SITE COVERAGE	8,000 S.F.
REQUIRED OPEN ANIMAL AREA (5 UNITS)	2,880 S.F.
PROPOSED OPEN ANIMAL AREA 70' x 42'	2,940 S.F.
PROPOSED AXILLARY STORAGE BLDG. AREA	1,487 S.F.



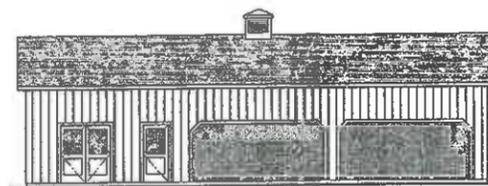
GROUND FLOOR PLAN



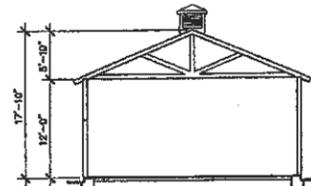
NORTH ELEVATION



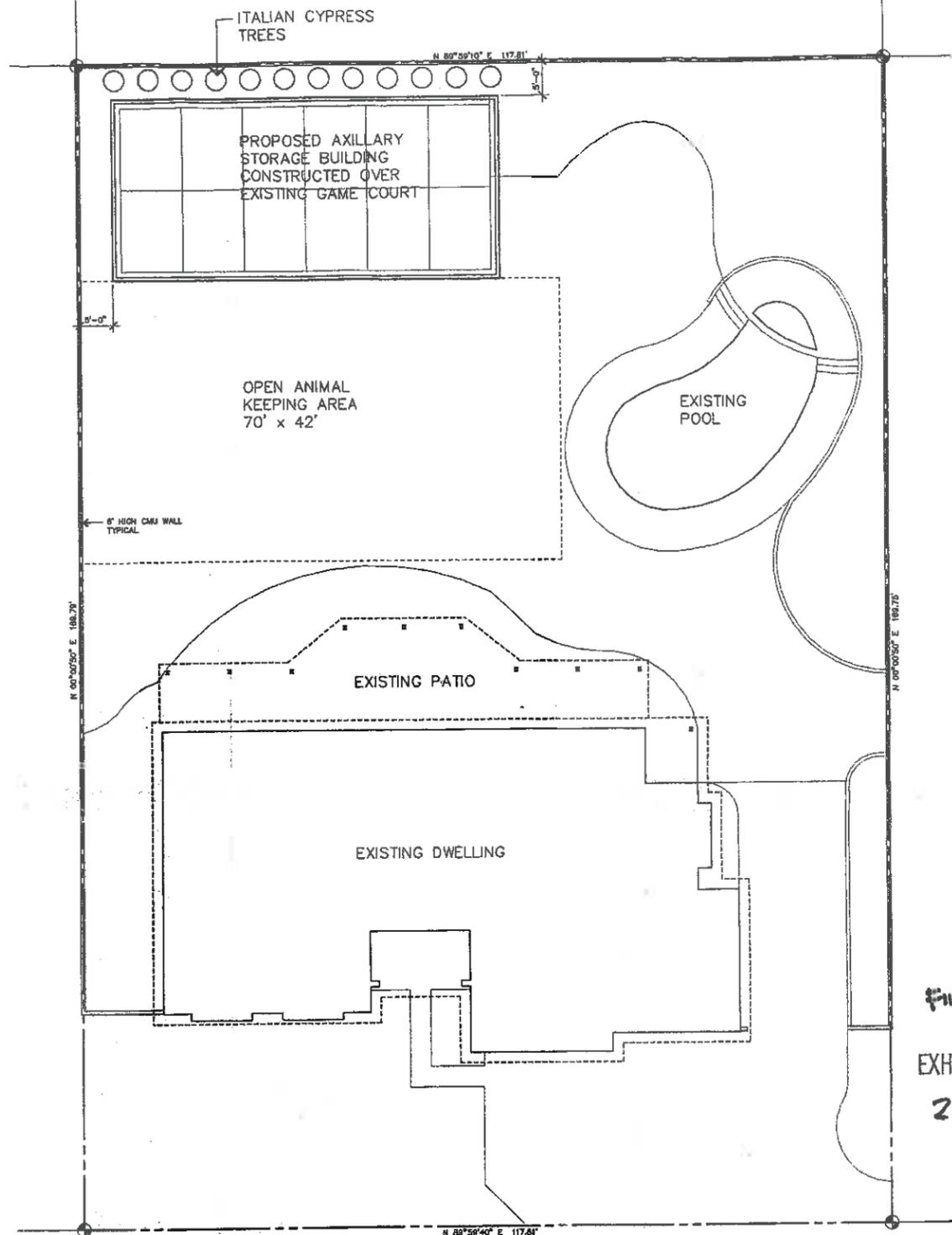
WEST ELEVATION (EAST OPP. HAND)



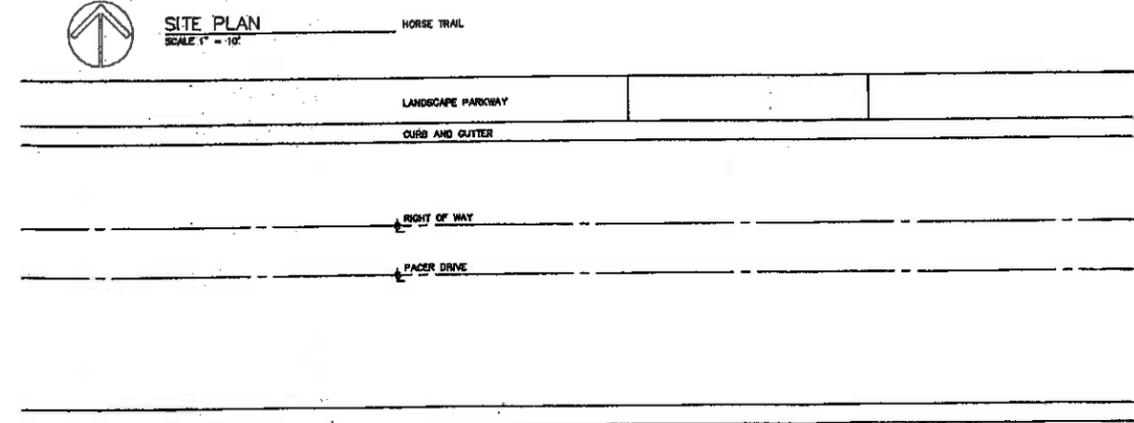
SOUTH ELEVATION



SECTION



SITE PLAN
SCALE 1" = 10'



FILE COPY
EXHIBIT "C"
2.21.12

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NO.	REVISIONS	DATE

PROPOSED AXILLARY STORAGE BUILDING FOR:
Jack and Cindy McGreevey
3087 Pecker Drive
Moreno, California 92560



ONE-WEST
ARCHITECTURE
714 777 4442
DATE 2/18/12
JOB NO. 11048

EXHIBIT "C"

Exhibit "D" – Site Plan and Building Elevations map is too large to attach electronically. The map is on file with the Planning Department and available for viewing.

3067



EXHIBIT "E"
1 of 2

3067 Pacer Drive



AERIAL PHOTO



Original Aerial reviewed in the approval of Conditional Use Permit 2011-28

N↑

Exhibit "F"- 1 of 2

SITE PHOTOS



Original photos reviewed in the approval of Conditional Use Permit 2011-28

Exhibit "F"- 2 of 2

3067 Pacer Drive



EXHIBIT "G" PICTURES OF PAVERS