

AGENDA
REGULAR JOINT MEETING OF THE
CITY COUNCIL OF THE CITY OF DUARTE, SUCCESSOR
AGENCY TO DISSOLVED REDEVELOPMENT AGENCY OF THE
CITY OF DUARTE, AND DUARTE HOUSING AUTHORITY
TUESDAY, DECEMBER 11, 2012

5:30 p.m. – Closed Session
7:00 p.m. – Regular Session

COUNCIL CHAMBERS, 1600 HUNTINGTON DRIVE, DUARTE, CALIFORNIA 91010

MISSION STATEMENT

With integrity and transparency, the City of Duarte provides exemplary public services in a caring and fiscally responsible manner with a commitment to our community's future

MARGARET FINLAY, MAYOR & CHAIR HOUSING AUTHORITY/SUCCESSOR AGENCY
LIZ REILLY, MAYOR PRO TEM & VICE CHAIR HOUSING AUTHORITY/SUCCESSOR AGENCY
JOHN FASANA, CITY COUNCIL & HOUSING AUTHORITY/SUCCESSOR AGENCY BOARD
TZEITEL PARAS-CARACCI, CITY COUNCIL & HOUSING AUTHORITY/SUCCESSOR AGENCY BOARD
PHIL REYES, CITY COUNCIL & HOUSING AUTHORITY/SUCCESSOR AGENCY BOARD

City/Agency/Authority Staff:

Darrell George, City Manager & Successor Agency/Housing Authority Executive Director
Kristen Petersen, Assistant City Manager & Successor Agency/Housing Authority Assistant
Executive Director and Director of Administrative Services
Craig Hensley, Community Development Director
Cesar Monsalve, Director of Parks and Recreation
Brian Villalobos, Director of Public Safety Services
Dan Slater, City Attorney & Successor Agency/Housing Authority General Counsel
Marla Akana, City Clerk

ADDRESSING THE CITY COUNCIL AND HOUSING AUTHORITY:

If you wish to address the City Council, Housing Authority, or Successor Agency on any item on the Agenda, you should fill out a Speaker Card indicating which item or items on the Agenda you wish to speak about, and hand the card to the City Clerk. You will be called to the Podium when that item is heard by the City Council/Housing Authority/Successor Agency. If you wish to address the City Council, Housing Authority, or Successor Agency on any item that is not on the Agenda, but that is within the subject matter jurisdiction of the City/Housing Authority/Successor Agency, you may do so under the "Oral Communications" portion of the Agenda. At the podium, before starting your remarks, please state your name and city of residence for the record.

ADA ACCESSIBILITY NOTICE:

In compliance with the Americans with Disabilities Act, if you need assistance to participate in this meeting, you should contact the City Manager's office at (626) 357-7931. Notification no later than 1:00 p.m. on the day preceding the meeting will enable the City to make reasonable arrangements to assist your accessibility to this meeting.

Note: Any documents distributed by the City/Authority to a majority of the City Council/Housing Authority/Successor Agency Board less than 72 hours prior to the City Council/Housing Authority/Successor Agency meeting will be made available for public inspection at City Hall, 1600 Huntington Drive, Duarte, CA 91010, during normal business hours, except such documents that relate to closed session items or which are otherwise exempt from disclosure under applicable law.

THE FOLLOWING ITEMS WILL BE HEARD AT 5:30 P.M.

1. CALL TO ORDER OF CITY COUNCIL, SUCCESSOR AGENCY TO DISSOLVED REDEVELOPMENT AGENCY, AND HOUSING AUTHORITY, AND NOTATION OF ANY ABSENCES
2. ADOPTION OF THE AGENDA
3. CLOSED SESSION
 - A. Public Input – *Members of the public wishing to speak concerning the closed sessions listed below may do so at this time. Each person may speak once for no more than 3 minutes.*
 - B. Conference with Real Property Negotiators pursuant to Government Code Section 54956.8; Agency Negotiators: Darrell George, Craig Hensley; Negotiating parties: city of Duarte, Successor Agency to Dissolved Redevelopment Agency of the City of Duarte, and Charles Company; Under negotiation: Price and terms of payment; Concerning the following City or Successor Agency owned properties: 1263 Huntington Drive (8530-003-930,931), 946 Huntington Drive (8530-013-902) 962 Huntington Drive (8530-013-903), 952 Huntington Drive (8530-013-904), 1700 Huntington Drive (8530-023-040), 1660 Huntington Drive (8530-023-077), 2400-2404 Huntington Drive (8604-012-910), 1305 Huntington Drive (8530-004-903), parking lot area near Rite Aid (8530-004-082), 1437 Huntington Drive (8530-004-900), 1423 Huntington Drive (8530-004-901), 1415 Huntington Drive (8530-004-069)
 - C. Conference with Legal Counsel, Existing Litigation, pursuant to Government Code Section 54956.9(a); *City of Duarte, California, v. City of Azusa, California, et al; Azusa Rock, Inc., et al., Real Parties in Interest; California Court of Appeal, Second Appellate District, Division Four, Case No. B235097*
 - D. Conference with Legal Counsel – Anticipated Litigation/Initiation of litigation; Pursuant to Government Code Section 54956.9(c); Number of potential cases: 1

THE FOLLOWING ITEMS WILL BE HEARD NOT EARLIER THAN 7:00 P.M.

4. PLEDGE TO THE FLAG
5. MOMENT OF REFLECTION
6. FITNESS/MENTAL WARM-UP
7. PUBLIC REPORT OF CLOSED SESSION ITEMS
8. SPECIAL ITEMS – Page 1
 - A. Recognition of Duarte Parks and Recreation “B” Division Flag Football All Star Team
 - B. Recognition of Rebuilding Together San Gabriel Foothills – Members and Sponsors
 - C. Recognition of Kate Knight – Duarte Chamber’s 2012 Outstanding Civic Service Award
 - D. Presentation by Cal American Water – Rate structure for 2013
 - E. Presentation by Mayor Pro Tem Reilly and Councilmember Reyes about recent trip to China
9. ANNOUNCEMENTS OF UPCOMING COMMUNITY EVENTS
Any person who wishes to make a brief announcement of a future community event that is open to the general public may do so at this time.
10. ORAL COMMUNICATIONS—ITEMS NOT ON THE AGENDA (30 MINUTES)
Any person wishing to speak on any issue that is not on the Agenda, but that is within the subject matter jurisdiction of the City or Authority, may do so at this time. The opportunity to speak is on a first come, first serve basis. Each person may speak once for no more than 3 minutes and there is a maximum of 30 minutes for all Oral Communications at this time. Under the Brown Act, members of the City Council/Housing Authority/Successor Agency, and staff can respond only with a brief reply to issues raised in Oral Communications, and no action on such matters may take place at this meeting.
11. ITEMS TO BE ADDED TO THE CONSENT CALENDAR

12. CONSENT CALENDAR – Page 2
All matters listed on the Consent Calendar are to be approved with one motion unless a member of the City Council/Housing Authority/Successor Agency removes an item for separate action. Any consent calendar item for which separate action is requested shall be heard as the next Agenda item. The respective entity's consent items are shown in parentheses at the end of each item as "CC" for City Council, "HA" for Housing Authority, and "SA" for Successor Agency.
 - A. Approval of Minutes – November 27, 2012 (CC/HA/SA)
 - B. Approval of Warrants – December 11, 2012 (CC/HA/SA)
 - C. Motion to introduce and/or adopt all resolutions and ordinances presented for consideration by title only and waive further reading (CC/HA/SA)
 - D. Cancellation of December 25, 2012, City Council/Successor Agency/Housing Authority meeting (CC/HA/SA)
 - E. Authority for City Manager/Executive Director to issue warrants pursuant to Warrant Register of December 25, 2012, subject to review by City Council/Agency/Authority Board on January 8, 2013 (CC/HA/SA)
 - F. Request to approve Interview Panel recommendations to the Youth and Family Committee (CC)
 - G. City Attorney report on California Supreme Court decision *City of Alhambra v. County of Los Angeles* regarding County property tax administration fee, and request for City Council authorization to file claim with the County for reimbursement of overcharged fee amount (CC)
 - H. Due Diligence Review of the Other Redevelopment Agency Fund Balances of the Dissolved Redevelopment Agency of the City of Duarte (Receive and File) (SA)
 - I. City Council/City Manager Conference Attendance – California Contract Cities Association Legislative Orientation Tour, January 7-8, 2013, Sacramento (CC)
13. ITEMS REMOVED FROM CONSENT CALENDAR
14. RESOLUTION – Page 36
12-R-36 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DUARTE ACCEPTING THE CALIFORNIA GANG REDUCTION AND INTERVENTION PROGRAM (CalGRIP) FUNDING OF \$334,332 AND THE BOARD OF STATE AND COMMUNITY CORRECTIONS (BSCC) RECOMMENDATIONS FOR ADMINISTERING THE GRANT
15. BUSINESS ITEMS – Page 40
 - A. Authorization for City Manager to execute, on behalf of the City, the City's standard Professional Services Agreement with Charles Abbott Associates, Inc., for building department services
 - B. Recommendation to receive and file City audited financial statements
16. CONTINUATION OF ORAL COMMUNICATIONS
*Any person who did **not** speak during the initial 30 minute Oral Communications period earlier in the meeting, who wishes to speak on any issue that is not on the Agenda but that is within the subject matter jurisdiction of the City Council/Housing Authority/Successor Agency, may do so at this time. Each person may speak once for no more than 3 minutes. Under the Brown Act, members of the City Council/Housing Authority/Successor Agency, and staff can respond only with a brief reply to issues raised in Oral Communications, and no action on such matters may take place at this meeting.*
17. ITEMS FROM CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY MEMBERS AND CITY MANAGER/EXECUTIVE DIRECTOR (AB 1234 reports on trips, conference attendance, and meetings)
18. ADJOURNMENT – In memory of Rob Harbicht

MEMORANDUM

TO: City Council
FROM: City Manager
DATE: December 6, 2012
SUBJECT: Comments on Agenda Items, Meeting of December 11, 2012

ITEM 8.A. The City Council will recognize the accomplishments of the Duarte Parks and Recreation “B” Division Flag Football All Star Team. Teams competing in the post season tournament included Alhambra, Pasadena, Temple City, Arcadia, Azusa, and Duarte. The championship game was between Duarte and Azusa, and Duarte was victorious, winning 21–0. This tournament win qualified them to play in the Southern California Municipal Athletic Federation Southern California Championships to be held on December 8 and 9 in the city of Carson. The team is coached by Recreation Leaders Dewayne Owens and Zequoia Williams.

ITEM 8.B. The City Council will recognize the members and sponsors of Rebuilding Together San Gabriel Foothills for the successful Room to Rebuild event. The event involved a complete rehabilitation of a home located at 2208 Citrusview in the City of Duarte.

ITEM 8.C. The City Council will recognize Kate Knight who received the Duarte Chamber’s 2012 Outstanding Civic Service Award. Kate is a driving force behind the Monrovia-Duarte Girl Scout Troop 12631, and often travels with the Girl Scouts on their outings. Kate was the perfect choice for recognition in this Year of the Girl and the 100th Anniversary of the Girl Scouts of America.

ITEM 8.D. Staff from Cal American Water will present information to the City Council regarding the recently approved rate increase. Following an 18-month review by the California Public Utilities Commission, new tiered rates for all customers in the Duarte service area have been approved. The new rates went into effect on November 13, 2012, and will be retroactive to January 1, 2012. Customers will see the rate adjustment on their November water bills. The approved decision by the CPUC increases California American Water’s total annual revenue in Los Angeles County to nearly \$27 million, and will increase rates by about 15.2% from current levels.

ITEM 8.E. Mayor Pro Tem Reilly and Councilmember Reyes will provide a presentation about their recent trip to China.

ITEM 12.F (Consent). This item requests that the City Council approve the appointed interview panel’s recommendation to the Youth and Family Committee.

ITEM 12.H (Consent). This item presents a due diligence review of Other Redevelopment Agency Funds of the Dissolved Redevelopment Agency. In accordance with Assembly Bill 1484, Lance, Soll & Lunghard, LLP prepared the review outlining compliance with the bill, and as required by the California State Controller’s Office and Department of Finance.

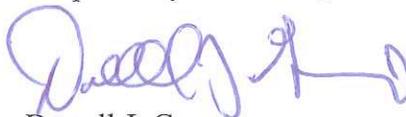
ITEM 14. This is a resolution for the City Council to consider accepting the California Gang Reduction and Intervention Program (CalGRIP) grant funding of \$334,332, along with the Board of State and Community Corrections (BSCC) recommendations for administering the grant. The grant period is for 24 months, from January 1, 2013, through December 31, 2014.

A portion of the grant will provide the Duarte Prevention and Intervention Program with the funds necessary to retain a Special Assignment Deputy position and enhance the services provided by the Los Angeles County Probation Department. Funds will also support the Duarte Public Safety and Teen Center youth outreach programs and the Duarte Boxing Program. As required by the grant, twenty percent of the funds will go to our local Community Based Organization partners, "Think Together" and the Santa Anita Family YMCA. The grant funds will enable the YMCA and "Think Together" to expand their services and provide even more positive pro-social activities to Duarte youth. Additionally, it is staff's recommendation that the Special Assignment Deputy position set to be eliminated on January 1, 2013, not be eliminated, and that the CalGRIP funds be used to offset the cost of the position.

ITEM 15.A. In an effort to improve the customer service that we provide to residents and the business community, staff is proposing to initiate a contract for building department services with Charles Abbott Associates, Inc. (CAA). CAA would provide all plan check and building inspection services, as well as provide a computerized permit system. This service would replace the existing contract with Los Angeles County. The customer service from the County has not been acceptable in the past few months. The observation is that conflicts are too often not resolved smoothly; in some cases direction from the County management staff to personnel working in Duarte is the source of the problem. CAA was chosen by the City Manager and Community Development Director after a proposal process that included consideration of three firms. Prospective staff that would be provided to the City were interviewed as a part of the process. Other CAA municipal clients were called for reference checks and, in all cases, the input was positive. The cost for services will be similar to the exiting County contract, and no budget amendment is required. This change has been a long time in coming, and is part of the effort to constantly improve the way we do things.

ITEM 15.B. It is recommended that the City Council receive and file the City's audited financial statements.

Respectfully submitted,



Darrell J. George
City Manager



MEMORANDUM

TO: MAYOR AND CITY COUNCIL

FROM: CESAR MONSALVE, PARKS AND RECREATION DIRECTOR

SUBJECT: DUARTE RECREATION FLAG FOOTBALL CHAMPIONS

DATE: 12/5/12

The Duarte Parks and Recreation "B" Division Flag Football All Star Team recently competed in the Southern California Municipal Athletic Federation San Gabriel Valley Flag Football Championship Tournament. Duarte organized their team by selecting the top players from each team in the regular season to form an All Star team to compete in post-season play. Teams competing in the tournament included Alhambra, Pasadena, Temple City, Arcadia, Azusa and Duarte. The championship game was between Duarte and Azusa and Duarte was victorious winning 21 – 0. This tournament win qualified them to play in the Southern California Municipal Athletic Federation Southern California Championships to be held on December 8 and 9 in the City of Carson.

The team is coached by Recreation Leaders Dewayne Owens and Zequoia Williams and have been invited to attend the December 11, 2012 City Council meeting to be recognized for their accomplishments.

MINUTES

JOINT CITY COUNCIL/CITY COUNCIL AS SUCCESSOR AGENCY TO DISSOLVED REDEVELOPMENT AGENCY/HOUSING AUTHORITY OF THE CITY OF DUARTE REGULAR MEETING – NOVEMBER 27, 2012

CALL TO ORDER The City Council/City Council as Successor Agency to Dissolved Redevelopment Agency/Housing Authority of the City of Duarte met in a regular meeting in the Council Chambers, 1600 Huntington Drive, Duarte, California. Mayor Fasana called the meeting to order at 7:08 p.m.

RECORDATION OF ATTENDANCE The following were in attendance:
PRESENT: Finlay, Paras-Caracci, Reilly, Reyes (left at 9:15 p.m.), Fasana
ABSENT: None
ADMINISTRATIVE STAFF PRESENT: City Manager George, City Attorney Slater

ADOPTION OF AGENDA Finlay moved, Reyes seconded to adopt the Agenda, and carried unanimously.

PLEDGE TO THE FLAG Lois Gaston led the Pledge of Allegiance to the Flag.

MOMENT OF REFLECTION A moment of reflection was observed.

FITNESS/MENTAL WARM-UP Slater and Finlay provided the warm-up.

SPECIAL ITEMS
Recognition – Outgoing Public Safety Commissioner Chapjian City Council expressed appreciation to outgoing Public Safety Commissioner Hank Chapjian, and noted he was not able to be in attendance at the meeting.
Public Safety update Brian Villalobos presented the monthly Public Safety update, including information about residential burglaries and Nextdoor. Steve Hernandez stated some think the burglaries are being committed by someone who lives in the area.

Reorganization City Manager George assumed the chair. The following spoke and expressed their opinions and suggestions about the City Council reorganization:
Election of Mayor/Chairperson Jo Ann Viramontes Chiles, Allen Field, Dolores Ortiz, Lino Paras, Sheri Stiebel, Tina Carey, Lisa Magno, Miguel Olivares, Steve Hernandez, Doug Brown, Francisco Negrete, Monica Vigil, Henry Baltazar, Lillian Cabral, Shauna Pierce, Ernie Landin, Lois Gaston.
George announced that nominations were open for Mayor/Chairperson.
Finlay moved to nominate Liz Reilly for Mayor/Chairperson.
Reilly moved, Reyes seconded to nominate Phil Reyes for Mayor/Chairperson.

Fasana seconded the motion to nominate Liz Reilly for Mayor/Chairperson.

Finlay moved, Paras-Caracci seconded to close nominations.

Fasana inquired if Reilly would be willing to serve as Mayor. Reilly stated no. The nomination was withdrawn.

Fasana moved, Finlay seconded to re-open nominations.

Fasana moved, Paras-Caracci seconded to nominate Margaret Finlay for Mayor/Chairperson.

Fasana moved, Finlay seconded to close nominations.

The motion to elect Phil Reyes as Mayor/Chairperson failed by the following Roll Call vote:

AYES: Reilly, Reyes

NOES: Finlay, Paras-Caracci, Fasana

Mayor/Chair Margaret Finlay

The motion to elect Margaret Finlay as Mayor/Chairperson carried by the following Roll Call vote:

AYES: Paras-Caracci, Finlay, Reilly, Fasana

NOES: Reyes

Election of Mayor Pro Tem/Vice Chairperson

Mayor Finlay assumed the chair, and announced that nominations were open for Mayor Pro Tem/Vice Chairperson.

Fasana moved, Paras-Caracci seconded to nominate Liz Reilly for Mayor Pro Tem/Vice Chairperson.

Reyes moved, Paras-Caracci seconded to close nominations.

Mayor Pro Tem/Vice Chairperson Liz Reilly

The motion to elect Liz Reilly as Mayor Pro Tem/Vice Chairperson carried by the following Roll Call vote:

AYES: Reyes, Paras-Caracci, Fasana, Reilly, Finlay

NOES: None

RECESS

Mayor Finlay called a Recess at 8:10 p.m. City Council reconvened at 8:30 p.m.

ANNOUNCEMENTS

Joanna Gee, Duarte Library, announced upcoming library programs, workshops, and events in the month of December.

Tina Carey, Duarte Chamber, announced upcoming events and grand openings in November and December.

Karen Herrera announced upcoming community events and programs in the months of November and December.

ORAL COMMUNICATIONS

The following spoke on items not on the Agenda.

Allen Field – Vulcan.

Miriam Fox – DUSD vision, mission statement.

CONSENT CALENDAR

Reyes moved, Reilly seconded to approve the Consent Calendar as follows, and carried unanimously.

Approve Items A, B, C, D.

BUSINESS ITEMS

Economic Development Strategy
Implementation Update

Craig Hensley presented the Economic Development Strategy Implementation update “Moving Duarte Forward,” and provided information about background, plan points, goals, objectives, accomplishments, and implementation.

Steve Hernandez stated having a Wal-Mart says a lot about our City.

Intergovernmental Organizations

Reilly moved, Reyes seconded to concur with the following appointments to intergovernmental organizations, and carried unanimously.

Area “D” Emergency Services

City Manager, Representative – Full Council, Alternates

California Contract Cities

Liz Reilly, Delegate – Margaret Finlay, Alternate

City Selection Committee

Margaret Finlay, Delegate – Liz Reilly, Alternate

Community Education Council

Tzeitel Paras-Caracci, Representative – Phil Reyes, Alternate

Duarte Community Service Council

Phil Reyes, Representative – Tzeitel Paras-Caracci, Alternate

Duarte Education Foundation

Margaret Finlay, Representative – John Fasana, Alternate

Foothill Employment and Training Consortium

Phil Reyes, Delegate – Tzeitel Paras-Caracci, Alternate

Foothill Transit

Tzeitel Paras-Caracci, Delegate – Phil Reyes, Alternate

Gold Line Phase II JPA

Liz Reilly, Delegate – Tzeitel Paras-Caracci, Alternate

Joint Powers Insurance Authority

Margaret Finlay, Director – City Mgr/Full Council, Alternates

League of California Cities

John Fasana, Delegate – Full Council, Alternates

San Gabriel Valley Council of Governments

John Fasana, Governing Board Rep. – Margaret Finlay, Alt.

San Gabriel Valley Economic Partnership

Liz Reilly, Representative – Full Council, Alternates

San Gabriel Valley Vector Control District

Margaret Finlay, Representative

Sanitation Districts #15 and #22

Margaret Finlay, Director – Liz Reilly, Alternate

Southern California Association of Governments

Margaret Finlay, Representative – Full Council, Alternates

ITEMS FROM CITY COUNCIL/
CITY MANAGER

GEORGE: Congratulated Mayor Finlay and Mayor Pro Tem Reilly.

REYES: Congratulated Mayor Finlay and Mayor Pro Tem Reilly, and excused himself from the meeting, as he will be attending an early morning conference.

PARAS-CARACCI: Stated the Mayor's Prayer Breakfast was awesome, and congratulated Mayor Finlay and Mayor Pro Tem Reilly.

FASANA: Congratulated Mayor Finlay and Mayor Pro Tem Reilly, thanked the public who expressed their opinions, stated Wal-Mart has been extremely popular in this community, and stated he would like to agendize a Closed Session on Vulcan at the next meeting.

REILLY: Appreciated being re-elected as Mayor Pro Tem, encouraged residents to be involved, she would like to agendize a full report on her trip to China at the next meeting, and read a portion of her invitation letter to China and reason for the visit.

FINLAY: Stated we may be able to get some funding from the Friends of the Pacific Electric Trail, as our bikeway needs some repair work, the Fantasia Festival at Santa Teresita was incredible, staff is working on a community garden at the City of Hope, and thanked her colleagues for supporting her as Mayor.

ADJOURNMENT

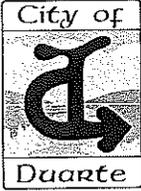
Steve Hernandez discussed communication, involvement, and City Council attendance at events.

Reilly moved, Fasana seconded to adjourn the meeting at 9:33 p.m., and carried with Reyes absent from the vote.

Mayor Margaret Finlay

ATTEST:

City Clerk



MEMORANDUM

TO: MAYOR AND CITY COUNCIL

FROM: CESAR MONSALVE, PARKS AND RECREATION DIRECTOR

SUBJECT: REQUEST TO APPROVE INTERVIEW PANEL
RECOMMENDATIONS TO THE YOUTH AND FAMILY
COMMITTEE

DATE: DECEMBER 2, 2012

Recommendation: That the City Council approve the appointed interview panel's recommendations to the Youth and Family Committee.

Background: Two City Council members, two Duarte Unified School Board members, and a MAD Town Council member sat on an interview panel to select by interviews the new Youth and Family Committee. The Youth and Family Committee was created by Council resolution to help facilitate the implementation of the Youth and Family Master Plan. The committee is to be made up of up to but not exceeding 12 members, each of who would serve for a two-year term. The new terms will begin in December of 2012 and will end in December of 2014.

Discussion: The appointment of a Youth & Family Committee is critical to the implementation of Duarte's Youth and Family Master Plan, and will mark the completion of action step #66. Names of the recommendations will be available at the December 11, 2012 regular meeting of the Duarte City Council.

MEMORANDUM

TO: Honorable Mayor and Members of the Duarte City Council
cc: Darrell George, City Manager, City of Duarte
Kristen Petersen, Assistant City Manager, City of Duarte

FROM: Dan Slater, City Attorney

DATE: December 5, 2012, for City Council Meeting of December 11, 2012

RE: (1) California Supreme Court Decision in *City of Alhambra v. County of Los Angeles* Regarding County Property Tax Administration Fee
(2) Request for Authorization to File Claim for Reimbursement

I. Summary; Status

On November 19, 2012, the California Supreme Court ("Supreme Court") held that the County of Los Angeles ("County") overcharged cities in Los Angeles County for the property tax administration fees ("PTAF") related to the County's administering of the "Triple Flip" and "VLF Swap."

Plaintiffs in the case were 44 cities in Los Angeles County. Duarte was not one of the plaintiff cities but Supreme Court decision nonetheless would appear to allow the City to file a claim with the County for recovery of overcharges. Staff is in the process of determining the amount for such a potential claim and our office is investigating the means by which such a claim may be filed. City staff and our office are requesting Council authorization to file a claim with the County for reimbursement. Approval of this item on the agenda would constitute approval of such request.

In addition, the Supreme Court intends to return the case to the Superior Court to determine whether there is a one -year, or three-year, statute of limitations, i.e., may cities seek to recover overcharges going back one year or three years. Potential claims for recovery will be affected by this further ruling from the Superior Court which itself could be the subject of appeals.

In the meantime, the County has filed a motion with the Supreme Court for rehearing of the case. The time for the Supreme Court's review and decision on the motion has been extended by the Supreme Court to February 15, 2013. As a result, the Supreme Court's decision will not be final until the Supreme Court has denied that motion for rehearing, or if granted, there is rehearing and a further ruling.

II. Background: California Supreme Court Decision

Because counties are responsible for collecting and disbursing property tax revenues to cities, schools, special districts, and other entities, counties may charge an administrative fee to each entity (other than schools) to cover the cost of administering the property tax program. This fee is known as the “Property Tax Administration Fee” or “PTAF.” Each year the county auditor-controller calculates the PTAF for each city so that each city pays its proportional share of the county’s cost of administering property tax collection and disbursement.

In 1992, the Legislature created the Educational Revenue Augmentation Fund (“ERAF”) in each county treasury. The ERAF was established to shift property taxes from cities and other entities to this fund to benefit schools. Each year a certain amount of property taxes that otherwise would be allocated to cities and other entities are instead deposited into the ERAF and disbursed to the schools. No PTAF can be charged against the ERAF. The county is required to absorb the administrative cost associated with administering the ERAF.

In 2004, the Legislature, to assist the State budget, passed a measure known as the “Triple Flip” which shifted revenues in three steps. First, one-quarter of one-percent of the local sales and use tax revenues were shifted to the State for payment on the bonds issued pursuant to Proposition 57, the California Economic Recovery Bond Act of 2004. The proceeds of these bonds were used to close the State budget gap. Second, to make sure the Triple Flip was “revenue neutral” to the cities, the lost local sales and use tax revenues were replaced by additional property tax revenues paid to the cities. The source of the additional property tax revenues to the cities were property tax revenues that would have been placed in the county’s ERAF but which instead were put in a Sales and Use Tax Compensation Fund within the county treasury for distribution to the cities. Third, any shortfall to schools caused by the reduction of funds paid into the county ERAF was made up with other State funds paid to the schools.

Also in 2004, the Legislature reduced the annual Vehicle License Fee (“VLF”) from 2% to 0.65% of a vehicle’s market value. Because the VLF had been a significant source of funds to cities, the Legislature adopted a law known as the “VLF Swap” where property taxes were again diverted from ERAF and instead paid to cities to make up the VLF revenues that cities lost when the VLF was reduced.

In conjunction with these measures, the Legislature also enacted a law that mandated that counties, for Fiscal Year 2004-05 and 2005-06, may not impose a fee or charge or other levy on a city, or reduce a city’s property tax allocations, to reimburse the county for services the county performs to administer the Triple Flip and VLF Swap. For Fiscal Year 2006-07 and after the counties may impose an fee for providing the services to administer the Triple Flip and VLF Swap, but the fee cannot exceed the *actual cost* of providing the administrative services. And, as before, the county cannot charge a PTAF against the ERAF.

December 5, 2012

Page 3

The County of Los Angeles (“County”), based on guidelines prepared by the County Auditors Association, charged the cities significantly more PTAF than allowed by the law. The County argued the cities were required to pay higher administration fees because the cities were receiving more property tax revenue, notwithstanding that the additional property tax revenues were from the ERAF account (against which no PTAF could be charged) and notwithstanding the Legislature’s directive that the Triple Flip and VLF Swap be revenue neutral to the cities.

Forty-four of the 88 cities in Los Angeles County, led by the City of Alhambra, sued the County of Los Angeles challenging the County’s charges of PTAF related to the VLF Swap and Triple Flip.

The issue before the court was whether the Legislature intended to alter PTAF calculations by eliminating the ERAF exemption from the PTAF fee for those property taxes designated for ERAF but shifted by the Triple Flip and VLF Swap to cities.

The Supreme Court found that the law does *not* authorize the County to collect PTAF on funds diverted to cities via the Triple Flip and VLF Swap.

The County of Los Angeles had been charging significantly higher PTAF than allowed. It overcharged the 44 plaintiff cities about \$4.5 million *per year* and so about double that amount when considering all 88 cities in the county. The County’s *actual cost* to administer the Triple Flip and VLF Swap was about \$35,000 annually.

III. Conclusion: Authorization to File Claim

While the plaintiff cities, and all cities in Los Angeles County, await the Supreme Court’s ruling on the motion for rehearing, and then final disposition of the case, we recommend the City promptly file a claim with the County seeking reimbursement of any overpayment of PTAF and interest at the maximum legal rate, even though the claims statute may not apply to this matter. Approval of this item on the agenda constitutes Council approval of the filing of a claim with the County for reimbursement of the overcharged fee amount plus interest at the maximum legal rate.



**Successor Agency of the Former
Duarte Redevelopment Agency**

**Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(3)
and Sections 34179.5(c)(5) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012**

Lance Soll & Lunghard, LLP

Orange County
Silicon Valley
Temecula Valley

www.lslcpas.com

Successor Agency of the Former
Duarte Redevelopment Agency

Due Diligence Review
of the Other Redevelopment Agency Funds
Pursuant to Sections 34179.5(c)(1) through 34179.5(c)(3)
and Sections 34179.5(c)(5) through 34179.5(c)(6)
of Assembly Bill No. 1484 of 2012

- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES

To the Successor Agency of the
Former Duarte Redevelopment Agency
City of Duarte, California

We have performed the procedures enumerated in Attachment A for the Other Redevelopment Agency Funds, which were agreed to by the California State Controller's Office and the State of California Department of Finance (State Agencies) solely to assist you in ensuring that the dissolved redevelopment agency is complying with Assembly Bill 1484, Chapter 26, Section 17's amendment to health and safety code 34179.5. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Management of the successor agency is responsible for providing all the information obtained in performing these procedures. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

As stated above, the scope of this engagement was limited to performing the procedures identified in Attachment A, which specified the "List of Procedures for the Due Diligence Review" obtained from the California Department of Finance Website.

The results of the procedures performed are identified in Attachment B1 through B11.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of a certified opinion as to the appropriateness of the results of the procedures performed. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to the Successor Agency.

This report is intended solely for the information and use of the Successor Agency Oversight Board, the Successor Agency and the applicable State Agencies, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Lance, Soll & Lunghard, LLP

Brea, California
November 19, 2012

List of Procedures for Due Diligence Review of the Other Redevelopment Agency Funds

1. Obtain from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. Agree the amounts on this listing to account balances established in the accounting records of the Successor Agency. Identify in the Agreed-Upon Procedures (AUP) report the amount of the assets transferred to the Successor Agency as of that date.
2. If the State Controller's Office has completed its review of transfers required under both sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - a. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - b. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - c. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.
3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
 - a. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.
 - b. Obtain a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the Successor Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. Provide this listing as an attachment to the AUP report.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- c. For each transfer, obtain the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.
4. Perform the following procedures:
 - a. Obtain from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting. End of year balances for capital assets (in total) and long-term liabilities (in total) should be presented at the bottom of this summary schedule for information purposes.
 - b. Ascertain that for each period presented, the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
 - c. Compare amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
 - d. Compare amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules. Describe in the report the type of support provided for each fiscal period.
5. Obtain from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012. When this procedure is applied to the Low and Moderate Income Housing Fund, the schedule attached as an exhibit will include only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and will exclude all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. Agree the assets so listed to recorded balances reflected in the accounting records of the Successor Agency. The listing should be attached as an exhibit to the appropriate AUP report.
6. Obtain from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:
 - a. Unspent bond proceeds:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
 - b. Grant proceeds and program income that are restricted by third parties:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.
 - c. Other assets considered to be legally restricted:
 - i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
 - ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
 - iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.
 - d. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.
- 7. Perform the following:
 - a. Obtain from the Successor Agency a listing of assets as of June 30, 2012 that are **not** liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and ascertain if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Successor Agency) or market value as recently estimated by the Successor Agency.
 - b. If the assets listed at 7(A) are listed at purchase cost, trace the amounts to a previously audited financial statement (or to the accounting records of the Successor Agency) and note any differences.
 - c. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- d. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.
8. Perform the following:
- a. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
 - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
 - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
 - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
 - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.
 - b. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
 - i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.
 - ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
 - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
 - iii. For the forecasted annual revenues:
 - a. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

- c. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
 - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
 - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
 - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.
- d. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
 - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
 - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
 - iii. Include the calculation in the AUP report.
- 9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.
- 10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

List of Procedures for Due Diligence Review for the Other Redevelopment Agency Funds (Continued)

11. Obtain a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits. Management's refusal to sign the representation letter should be noted in the AUP report as required by attestation standards.

Procedure 1
 List of Assets Transferred from the Former Redevelopment Agency to the Successor Agency
 Other Redevelopment Agency Funds
 As of February 1, 2012

Asset	Balance at 2/1/2012
Cash	\$ (53,032)
Cash with Fiscal Agent	3,085,781
Notes Receivable	475,000
Total Assets transferred:	\$ 3,507,749

Procedure 2
 Listing of Transfers (Excluding Payments for Goods and Services) to the City
 Other Redevelopment Agency Funds
 For the Period from January 1, 2011 through June 30, 2012

Describe Purpose of Transfer	Enforceable Obligation (EO)/ Other Legal Requirement (LR)	Amount	Legal Documentation Obtained? (Y/N)
<u>From former Redevelopment Agency to City for January 1, 2011 through January 31, 2012</u>			
Repayment of City Loan	LR	\$ 7,500,000	Y a
Sale of land held for resale to the City	LR	450,000	N b
Sale of land held for resale to the City	LR	1,195,522	N b
	Sub-total:	<u>9,145,522</u>	

From Successor Agency to City for February 1, 2012 through June 30, 2012

No transfers were made to the City during this time period or they were de minimus

Total Transfers to City for 1/1/2011 through 6/30/2012: \$ 9,145,522

Footnotes:

- a. The former redevelopment agency repaid loans made in prior years by the City to the former agency in accordance with promissory notes from 1987 and 1991. The last repayments were made in March 2011 prior to the adoption of AB 26. The loan repayments were consistent with the terms of the notes. The City concluded the loans met the definition of "enforceable obligations" contained in Health and Safety Code Section 34167(d)(2) effective June 28, 2011. It is the position of the City that the limitation contained in Health & Safety Code Section 34171(d)(2) relates to Part 1.85 of AB 26, which part only became effective on February 1, 2012. Section 34171(d)(2) excludes certain city-agency contracts from the definition of enforceable obligations, for purposes of Part 1.85, which again did not become effective until February 1, 2012. The City's loan repayments were made prior to February 1, 2012. The assessment of enforceability must be made at the time of the repayment. The City has also concluded that because the repayment was for fair consideration (i.e., the satisfaction of a liability), the repayment did not constitute a transfer of assets subject to Health & Safety Code Section 34167.5.
- b) Not an enforceable obligation

Procedure 3
 Listing of Transfers (Excluding Payments for Goods and Services) to Other Public Agencies or Private Parties
 Other Redevelopment Agency Funds
 For the Period from January 1, 2011 through June 30, 2012

Describe Purpose of Transfer	Enforceable Obligation (EO)/ Other Legal Requirement (LR)	Amount	Legal Documentation Obtained? (Y/N)
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From former Redevelopment Agency to other public agencies or private parties for January 1, 2011 through January 31, 2012

No transfers were made to the other public agencies or private parties during this time period or they were diminimus

From Successor Agency to other public agencies or private parties for February 1, 2012 through June 30, 2012

No transfers were made to the other public agencies or private parties during this time period or they were diminimus

Procedure 4
 Summary of the Financial Transactions of Redevelopment Agency and Successor Agency
 All Funds
 Per schedule attached to List of Procedures for Due Diligence Review

	Redevelopment Agency 12 Months Ended 6/30/2010	Redevelopment Agency 12 Months Ended 6/30/2011	Redevelopment Agency 7 Months Ended 1/31/2012	Successor Agency 5 Months Ended 6/30/2012
Assets (modified accrual basis)				
Cash and Investments	\$ 18,680,151	\$ 3,733,012	\$ 2,600,844	\$ 6,456,740
Cash and Investments with Trustee	3,085,781	3,085,781	3,085,781	3,085,784
Receivables:				
Tax Increment	555,819	268,930	-	-
Accounts	17,094	5,115	-	-
Notes and Loans	895,500	870,500	845,500	475,000
Land Held for Resale	6,055,088	2,329,760	2,329,760	-
Total Assets	\$ 29,289,433	\$ 10,293,098	\$ 8,861,885	\$ 10,017,524
Liabilities (modified accrual basis)				
Accounts Payable	\$ 477,803	\$ 389,741	\$ 35,597	\$ 613,758
Deposits from others	15,000	-	-	-
Deferred Revenue	370,500	370,500	370,500	-
Due to other governments	-	-	-	9,968,703
Total Liabilities	863,303	760,241	406,097	10,582,461
Equity	28,426,130	9,532,857	8,455,789	(564,938)
Total Liabilities + Equity	\$ 29,289,433	\$ 10,293,098	\$ 8,861,885	\$ 10,017,523
Total Revenues:	\$ 8,436,836	\$ 8,506,341	\$ 3,725,088	\$ 3,216,438
Total Expenditures:	8,877,826	27,528,782	4,802,156	1,120,540
Total Transfers:	(440,990)	(19,022,441)	-	(2,660,836)
Net change in equity	28,867,120	28,555,298	9,532,857	-
Beginning Equity:	28,426,130	9,532,857	8,455,789	(564,938)
Ending Equity:	\$ 6,055,088	\$ 2,329,760	\$ 2,329,760	\$ 21,390,000
Other Information (show year end balances for all four periods presented):	34,805,699	33,103,703	30,893,703	21,390,000
Capital assets as of end of year				
Long-term debt as of end of year				

Footnotes:

a) Restatement of \$129,168 for prior period adjustments.

Procedure 5
 Listing of All Assets
 Other Redevelopment Agency Funds
 As of June 30, 2012

Assets		Amount
Cash	690-1005	\$ 606,956
	SA Pooled Cash	\$ 606,956
Total Cash:		\$ 606,956
Cash with fiscal agent	690-1100	3,085,784
	Cash with Fiscal Agent	3,085,784
Total cash with fiscal agent:		3,085,784
Accounts receivable	690-1700	475,000
	Notes Receivable	475,000
Total Accounts receivable:		475,000
Deferred charges	690-1730	253,777
	690-1735	139,731
	690-1740	100,656
	Cost of Issuance - TAB A	253,777
	Cost of Issuance - TAB B	139,731
	Cost of Issuance - TAB C	100,656
Total Deferred charges:		494,164
TOTAL ASSETS AT 6/30/2012:		\$ 4,661,904

Procedure 6
 Listing of Assets that are Restricted
 Other Redevelopment Agency Funds
 As of June 30, 2012

Item #	Description	Documentation Referenced	Amount	Purpose	Legal Documentation Obtained? (Y/N)
1	Cash with fiscal Agent a) Reserve account	690-1100	\$ 3,085,784	Held in trust by fiduciary per bond restrictions	Y
TOTAL:			\$ 3,085,784		

Procedure 7
 Listing of Assets That Are Not Liquid or Otherwise Available for Distribution
 Other Redevelopment Agency Funds
 As of June 30, 2012

Item #	Description	Reference	Amount	Value Method	Variance Noted? (Y/N)
1	Long-term receivable a) Notes Receivable - ASHU Loan	690-1700	\$ 475,000	Cost	N
2	Deferred Charges a) Cost of Issuance - TAB A b) Cost of Issuance - TAB B c) Cost of Issuance - TAB C	690-1730 690-1735 690-1740	253,777 139,731 100,656	Amortized Cost Amortized Cost Amortized Cost	N N N
3	Land Held for Resale a) Land held for resale	Procedure 2	1,645,522	Cost	N
TOTAL RESTRICTIONS OF NON CASH ITEMS:			\$ 2,614,686		

Procedure 8a
Listing of Assets (resources) that are dedicated or restricted for the funding of enforceable obligations
Other Redevelopment Agency Funds
As of June 30, 2012

NO ASSETS ARE DEDICATED OR RESTRICTED FOR THE FUNDING OF ENFORCEABLE OBLIGATIONS

Procedure 8b
Listing of Assets (resources) that need to be retained due to insufficient funding for the funding of enforceable obligations
Other Redevelopment Agency Funds
As of June 30, 2012

NO ASSETS NEED TO BE RETAINED DUE TO INSUFFICIENT FUNDING FOR THE FUNDING OF ENFORCEABLE OBLIGATIONS

Procedure 8c
Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for bond debt payments
Other Redevelopment Agency Funds
As of June 30, 2012

NO ASSETS NEED TO BE RETAINED DUE TO PROJECTED INSUFFICIENT PROPERTY TAX REVENUES FOR BOND DEBT PAYMENTS

Procedure 9
 Listing of Assets (resources) that need to be retained due to projected insufficient property tax revenues for future ROPS
 Other Redevelopment Agency Funds
 As of June 30, 2012

Item #	Project Name	Reference	Approved Obligation Amount	Estimated Future Revenues	Revenue Source	Amount Needed to be Retained from June 30, 2012 Balance	Identified on the ROPS 2 or 3?
1	TA Refund Bond 2007 - Series A	ROPS II, line 1	\$ 1,129,925	\$ 1,129,925	RPTTF	-	Y
2	TA Refund Bond 2007 - Series B	ROPS II, line 2	1,172,347	1,172,347	RPTTF	-	Y
3	TA Refund Bond 2007 - Series C	ROPS II, line 3	486,400	486,400	RPTTF	-	Y
4	TA Refund Bond 2007 (2)	ROPS II, line 4	300,000	300,000	RPTTF	-	Y
5	Jacobsen DDA	ROPS II, line 5	313,824	110,642	RPTTF	203,182	Y
6	Jacobsen DDA	ROPS II, line 6	108,500	-	RPTTF	108,500	Y
7	Legal Costs - Rutan and Tucker	ROPS II, line 7	60,000	-	RPTTF	60,000	Y
8	US Bank - Trustee Services	ROPS II, line 9	15,000	-	RPTTF	15,000	Y
9	Contracting for Consulting Svc	ROPS II, line 10	7,500	-	RPTTF	7,500	Y
10	SCPH DDA Staff Legal	ROPS II, line 11,12	1,220,500	-	RPTTF	1,220,500	Y
11	Audit Services	ROPS II, line 14	5,600	-	RPTTF	5,600	Y
12	Contract for Landscape Maint	ROPS II, line 15	2,500	-	RPTTF	2,500	Y
13	Advance of funds for Debt Svc	ROPS II, line 16	468,672	-	RPTTF	468,672	Y
14	Mountain Vista Plaza-Sign	ROPS II, line 17	100,000	-	RPTTF	100,000	Y
15	Woodbluff Storm Drain	ROPS II, line 18	221,250	-	RPTTF	221,250	Y
16	Admin Services	ROPS II, line 19	242,800	-	Administrative	242,800	Y
17	Admin Services	ROPS II, line 20	135,000	-	Administrative	135,000	Y
18	Performance Nissan Sign Fee	ROPS II, line 24	30,000	-	RPTTF	30,000	Y
19	Huntington Cts Promissory Note	ROPS II, line 25	5,500	-	RPTTF	5,500	Y
20	Assisted Housing Inventory Audit	ROPS II, line 26	5,375	-	RPTTF	5,375	Y
21	Silent Second Program	ROPS II, line 27	2,450	-	RPTTF	2,450	Y
22	Admin Cost Allowance	ROPS II, line 29	190,222	-	Administrative	190,222	Y
			\$ 6,223,365	\$ 3,199,314		\$ 3,024,051	

Procedure 10

Summary of Other Redevelopment Agency Funds Available for Allocation to Affected Taxing Entities

ATTACHMENT B10

Total amount of assets held by the successor agency as of June 30, 2012 (procedure 5)	\$	4,661,904
Add the amount of any assets transferred to the city or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)		1,645,522
	To City	-
	To other parties	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)		(3,085,784)
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)		(2,614,686)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)		-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)		(3,024,051)
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance		(716,838)
	\$	<u>(3,133,933) (a)</u>

Amount to be remitted to county for disbursement to taxing entities

(a) Amount to be remitted to County for disbursement to taxing entities is zero.



City of Duarte

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November 19, 2012

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Mayor
John Fasana
Mayor Pro Tem
Liz Reilly
Councilmembers
Margaret E. Finlay
Tzeitel Paras-Caracci
Phillip R. Reyes
City Manager
Darrell George

We are providing this letter in connection with your performance of the Due Diligence Review of the Other Redevelopment Agency Funds in accordance with Assembly Bill 1484 for the Successor Agency of the former Duarte Redevelopment Agency. We confirm that we are responsible for the complete and fair presentation of the previously mentioned review in conformity with the listed procedures of the Assembly Bill 1484 Due Diligence Review as published by the State Department of Finance on August 27, 2012. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your review:

1. We have made available to you:
 - a. In accordance with 34179.5(c)(1), the dollar value of all assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.
 - b. In accordance with 34179.5(c)(2), the dollar value of all assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. We have also provided the documentation of any enforceable obligation that required the transfer.
 - c. In accordance with 34179.5(c)(3), the dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. We have also provided documentation of any enforceable obligation that required the transfer.
 - d. In accordance with 34179.5(c)(4), the expenditure and revenue accounting information and have identified transfers and funding sources for the 2010-11 and 2011-12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009-10 fiscal year.
 - e. In accordance with 34179.5(c)(5), a listing of all assets of the Low and Moderate Income Housing Fund as of June 30, 2012 for the report that is due October 1, 2012 and a listing of all assets of all other funds of the Successor Agency as of June 30, 2012 (excluding the previously reported assets of the Low and Moderate Income Housing Fund) for the report that is due December 15, 2012.

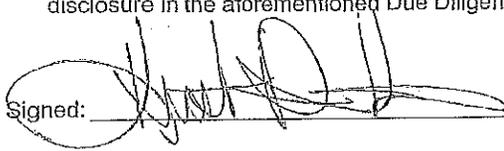
- f. In accordance with 34179.5(c)(5)(B), an itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.
 - g. In accordance with 34179.5(c)(5)(C), an itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value.
 - h. In accordance with 34179.5(c)(5)(D), an itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, we have provided a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements.
 - i. In accordance with 34179.5(c)(5)(E), an itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.
2. There are no material transactions that have not been properly recorded in the accounting records underlying this Due Diligence Review.
 3. Management is not aware of any transfers (as defined by Section 34179.5) from either the former Redevelopment Agency or the Successor Agency to the City, other agencies or private parties for the period January 1, 2011 through June 30, 2012 that have not been identified in this report and related exhibits.
 4. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
 5. We have no knowledge of any fraud or suspected fraud affecting this Due Diligence Review involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on this Due Diligence Review.
 6. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
 7. When applicable, we have taken timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that you have reported to us.
 8. We have identified to you any previous audits, attestation engagements, performance audits, state controller reports or other studies related to the objectives of this Due Diligence Review and whether related recommendations have been implemented.
 9. The Successor Agency of the former Duarte Redevelopment Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund equity.
 10. We are responsible for compliance with the laws, regulations, provisions of contracts and grant agreements applicable to us, and all provisions related to the dissolution of the Redevelopment Agency in accordance with AB 1X 26 and AB 1484.

11. There are no known violations of:

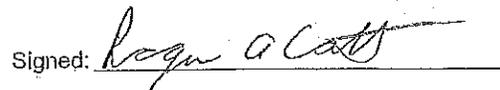
- a. Laws and regulations,
- b. Provisions of contracts and grant agreements,
- c. Provisions related to the dissolution of the Redevelopment Agency in AB 1X 26 and AB 1484 whose effects should be considered for disclosure in this Due Diligence Review.

12. All bank accounts and investments associated with this review have been properly reflected in the general ledger accounting records.

13. No events, including instances of noncompliance, have occurred subsequent to the performance of this Due Diligence Review and through the date of this letter that would require adjustment to or disclosure in the aforementioned Due Diligence Review.

Signed: 

Title: Assistant City Manager

Signed: 

Title: Financial Services Manager

MEMORANDUM

TO: Mayor and Councilmembers

FROM: Darrell J. George, City Manager

DATE: December 6, 2012

SUBJECT: Conference Attendance – City Council Meeting of December 11, 2012



California Contract Cities Association
Legislative Orientation Tour
January 7-8, 2013
Sacramento
Registration: \$295



SAVE THE DATE

WHEN

January 7-8, 2013

WHERE

Sheraton Grand Hotel, Sacramento, CA.

The CCCA Sacramento Legislative Orientation Tour is in its 46th year. As you know every year we are fighting against a legislature that is increasingly losing touch with their constituencies and with local government. We must unite and speak with one voice in Sacramento in order to be heard. We urge all members of the Association to attend and are counting on your support. There is strength in numbers if we want our concerns to be considered. So **Save The Date** January 7-8, 2013 and look for more information to come!



Look for more info coming to your email inbox soon regarding registration, program schedule, talking points and seminar details. Registration will open December 6, 2012!

What To Expect

- ★ *Sessions With The Legislators*
- ★ *Leadership Briefing Session in the Capitol*
- ★ *Governor's Office Briefing*
- ★ *Open Discussions With Leadership, Legislators and Colleagues*
- ★ *Reception and Luncheon Session*

Phone: 562-622-5533
Fax: 562-622-9555
Email:



To: Darrell George, City Manager

From: Brian Villalobos, Director of Public Safety Services

Subject: Acceptance of California Gang Reduction and Intervention Program Grant

Date: December 4, 2012

On November 8, 2012, the Board of State and Community Corrections (BSSC) approved the funding recommendations for the California Gang Reduction, Intervention and Prevention Program (CalGRIP). This action by the Board includes CalGRIP funding of \$334,332 for the City of Duarte. The grant period is for 24 months from January 1, 2013 through December 31, 2014.

A portion of the grant will provide the Duarte Prevention and Intervention Program with the funds necessary to retain a Special Assignment Deputy position and enhance the services provided by the Los Angeles County Probation Department.

Additionally, funds will support the Duarte Public Safety and Teen Center youth outreach programs and the Duarte Boxing Program.

As required by the grant, twenty percent of the funds will go to our local Community Based Organization partners, "Think Together" and the Santa Anita Family YMCA. The grant funds will enable the YMCA and "Think Together" to expand their services and provide even more positive pro-social activities to Duarte youth.

Fiscal Impact:

The CalGRIP grant is a 50% matching grant and requires a dollar for dollar match. Therefore, the grant allows us to enhance our programs but in some instances it will require a budget increase where "in-kind" services are not used for the match.

Additionally, the CalGRIP Grant budget that was accepted by the BSSC assumed the grant rate for the Special Assignment Deputy and at this time per the Sheriff Department's Contract Bureau they are not able to make the position a grant item according to the County Executive Office and Auditor/Controller Office. If the Special Assignment Deputy position is not made a grant item the mid-year budget will have to be increased \$45,400 as opposed to the grant item adjustment increase of \$1,200. Also, the grant runs through the fiscal years of 2013/2014 and the first six months of 2014/2015 and we would be obligated to maintain this position through the life of the grant. The fiscal impact for a non-grant rate deputy in 2013/2014 would be approximately \$124,400 and for a grant rate deputy it would be approximately \$45,225. The

fiscal impact for a non-grant rate deputy in 2014/2015 would be approximately \$85,400 and for a grant rate deputy it would be approximately \$42,900.

Recommendations:

It is staff's recommendation that City Council approves the resolution and budget attachment accepting CalGRIP grant funding in the amount of \$334,332 to continue its efforts to reduce gang activity through the use of evidence based prevention, intervention and suppression activities.

Additionally, that the Special Assignment Deputy position set to be eliminated on January 1, 2013, not be eliminated and that the CalGRIP funds be used to offset the cost of the position.

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DUARTE
ACCEPTING THE CALIFORNIA GANG REDUCTION AND INTERVENTION
PROGRAM (CalGRIP) FUNDING OF \$334,332 AND THE BOARD OF STATE
AND COMMUNITY CORRECTIONS (BSCC) RECOMMENDATIONS
FOR ADMINISTERING THE GRANT**

WHEREAS, the City of Duarte will use local collaborative efforts to reduce gang activity through the use of evidence based prevention, intervention, and suppression activities during January 1, 2013, through December 31, 2014; and

WHEREAS, the City of Duarte will contract to work in a collaboration with the community based organizations of "Think Together" and the Santa Anita Family YMCA, and contribute the required twenty percent of funding toward the growth of their programs; and

WHEREAS, the City of Duarte will match the approved funding dollar for dollar and will administer the Duarte CalGRIP grant;

NOW, THEREFORE, the City Council of the City of Duarte resolves as follows:

Section 1. The City Council approves the mid-year budget adjustment to City and Community Based Organization partner programs enhanced by the Cal GRIP grant, attached hereto and by this reference incorporated herein.

Section 2. The City of Duarte accepts the approved funding of \$334,332 and resolves to work with the BSCC recommendations for the CalGRIP grant to address gang related issues in our community.

PASSED, APPROVED, AND ADOPTED this 11th day of December, 2012.

Mayor Margaret Finlay

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF DUARTE)

I, Marla Akana, City Clerk of the City of Duarte, County of Los Angeles, State of California, hereby attest to the above signature and certify that Resolution No. 12-36 was adopted by the City Council of said City of Duarte at a regular meeting of said Council held on the 11th day of December, 2012, by the following vote:

- AYES: Councilmembers:
- NOES: Councilmembers:
- ABSENT: Councilmembers:

City Clerk Marla Akana
City of Duarte, California

Program	GRANT	Jan-June 13	July 13-June 14	Jan - June 14	Existing 12/13 budget	Add in CalGrip	Add in CEO Grant	Adjusted 12/13 budget
CHYL	1605-7735				4,000	0	4,000	8,000
Duarte Boxing Program	1605-7745	5,100	2,500	2,400	10,000	5,100	-	17,200
Duarte's Promise	1020-7728	3,750	7,500	3,750	15,000	-	1,200	141,200
Youth Programs (CHYL, DART, Youthworks)	1205-7779	2,000	4,000	2,000	8,000	2,000	12,800	26,800
LA County Sheriff's Special Assignment Deputy	1205-7781	39,300	78,663	39,363	157,325	nc	-	2,830,300
LA County Probation Officer	1205-7783	77,140	39,000	19,140	77,140	nc	-	70,000
YMCA (After School/Summer Camp)	1205-7980	26,747	12,747	7,000	26,747	7,000	3,000	13,000
Think Together (Special Collaborative City Events)	1205-7980	40,120	24,120	8,000	40,120	part of above	8,000	8,000
		334,332	168,530	81,653	334,332	22,100	21,000	

SRO position 12/13
savings if eliminated 1/1/13
net cost to 12/13 budget

231,000
(116,000)
115,000

SRO position 12/13
Bradbury COPS funds
CalGrip funds
net cost to 12/13 budget
increased expense

231,000
(35,000)
(39,300)
156,700
(115,000)
41,700

SRO position 12/13 (Grant Designated)
Bradbury COPS funds
CalGrip funds
net cost to 12/13 budget
increased expense

190,500
(35,000)
(39,300)
116,200
(115,000)
1,200



MEMORANDUM

TO: Mayor and City Council
FROM: Craig Hensley, AICP, Community Development Director 
DATE: December 11, 2012
SUBJECT: Contract for Building Department Services

Staff has recently gone through a process of receiving proposals from firms that can provide building department services for the City. At present, the City utilizes Los Angeles County to provide building department services under a contract arrangement. The City has used this arrangement since incorporation.

Under the current contract the County provides building inspection, plan check, administration and permitting software with necessary maintenance. Through the years the service has been cyclical, sometimes very efficient and sometimes less efficient. Recent service has been acceptable but we have had some challenges. The current inspector is competent and helpful to the public. We do receive some complaints about inspection, mostly related to promptness of inspections and lack of clear direction. The current plan checker is excellent and provides our clients very good service. However, the time actually at the city is limited to about three hours a week so service could be better. The administrative oversight of the contract from the County is not as strong or as customer oriented as we would like and the service quality has decreased in the past few months. Our observation is that conflicts are too often not resolved smoothly; in some cases direction from the County management staff to personnel working in Duarte is the source of the problem. We have informally surveyed recent permit applicants about the building services and have heard that better plan check turn around time and better communication from the inspector to clients would be welcomed. As Department Head, my feeling is that the overall customer service provided under the current contract does not meet the standard that I expect and I have little confidence that it can be adequately resolved under the current contract arrangement.

The issue of considering changes to the building department contract has been around for some time. In the past, the main concern was a need to obtain building permitting software in addition to changing consulting arrangements. The cost of obtaining permitting software was always the hold back because of the high one time cost. It appears that we may have found a resolution to that problem.

To invite proposals, Staff asked four firms to provide statements of qualifications and received responses from three of the firms: RKA Consulting Group, Transtech Engineering

and Charles Abbott Associates. Darrell and I interviewed each of these firms and felt that they were all capable and asked for detailed proposals from each. The result was that Charles Abbott Associates (CAA) could provide a combination of the best service and the lowest cost. Part of the service provided by CAA is use of its proprietary building permitting software at no additional cost. With that service included, CAA was the least cost of all alternatives.

The proposal from CAA would provide the City with: building inspection from a certified building inspector from 32-36 hours a week minimum with additional back-up inspectors as needed; plan check staff available in house as needed each week and all necessary plan check staff will be provided to meet the agreed to turn around times; administrative oversight as needed; and building permitting software. If necessary, CAA can also provide a building permit clerk if necessary which may be a good choice for the future.

Guaranteed plan check turn around times are as follows:

Initial Checks	10 days
Recheck	5 days
Plan Change	5 days
Single Family Dwelling	7-10 days
Apartments	10 days
Tenant Improvements	5-7 days
Commercial/Industrial	10 days
Revisions to Approved Plans	3-5 days
Electrical Only	3-5 days
Residential Improvements (i.e. room additions, etc)	3-5 days

After selecting CAA as the preferred candidate, Planning Department Staff met with some of the staff that CAA would provide to the City. We feel comfortable that the building inspector and the management have a very good understanding of the City's needs and are dedicated to being helpful as well as professional.

Contract Costs –

Based on the research that we have conducted and the background checks that completed, we believe that the main value of selecting CAA to provide building services will be improved customer service. Plan check turn around times will improve; the building inspector will complete some minor plan checks over the counter (a service that LA County will not provide); internal communication and coordination within the Community Development Department will be improved; and there will be better management of the inspection function. Even with these additional services, the cost for service should not increase.

The cost for service compares well to the current contract with the County. To compare CAA's proposed contract price to the County, we took results from the past six years and determined that the CAA price was slightly lower, approximately \$15,000 to \$20,000 each year. Because of the way the contract is calculated, CAA would be a slightly higher cost in years when the City has far above average plan check and permit income. But when calculated over a longer period with highs and lows, the CAA costs would be equal to or lower. CAA would charge the City a percentage of plan check and building permit income as follows:

Total Fees Collected	Percent Charged with no building clerk	Percent Charged with building clerk
First \$500,000	35%	45%
\$500,001 - \$750,000	30%	40%
\$750,001 +	25%	35%

Staff would recommend a three year contract with two one year extensions, if both parties agree and would allow the City to end the contract at anytime based on competency issues, poor customer service record or corruption.

Initially, the contract would not include a building clerk as the City currently has staff that provides exceptional service. If the need arises, the contract will allow the addition of a contract building clerk based on the alternate fee rate.

This change will not create the need to amend the Fiscal year 2012-2013 budget, as budget for service costs have already been established and no cost increase is anticipated.

Summary –

While all three firms that submitted a proposal are qualified to provide quality building department services, Staff feels that CAA is the best choice for the City. The change from the current arrangement will be cost effective but most of all it will help to improve customer service which is our primary goal. CAA's access to building software and its use of technology by inspectors and plan checkers will be an improvement over the current arrangement also. Some of the positives will include:

- Guaranteed plan check turn around times for major projects of: 10 days for initial check and 5 days on recheck. This is approximately twice as fast as the current average.
- Building Inspector will provide plan check at the counter for minor items such as patio covers, small additions and some tenant improvements. It is common for these items to take, at least, a week now.
- Plan checker will be available at the counter each week as needed versus the current three hours.

- Building permit software provide by CAA. Inspector uses iPad in field reducing paperwork and increasing efficiency.
- Better customer service control by City Staff.
- The ability to utilize a building clerk provided by the consultant allowing more flexible staffing.

Staff recommends that the City Council direct the City Manager to initiate a professional services agreement with Charles Abbott Associates for building department services as outlined in this report. We anticipate that there will be a transition period to allow the County contract staff and City staff coordinate the transition and that this process could start in mid-January 2013 with complete transition by early to mid February.



NOVEMBER 14, 2012

**Supplemental Proposal to Provide
Three Options of Service
For Building & Safety Services**

Prepared for

CITY OF DUARTE

**Craig Hensley
Community Development Director
City of Duarte
1600 Huntington Drive
Duarte, CA 91010**

**By
Charles Abbott Associates, Inc.**

27401 Los Altos, Suite 220
Mission Viejo, CA 92691
Toll Free: (866) 530-4980
Fax: (949) 367-2852

www.caaprofessionals.c

November 12, 2012

City of Duarte
Craig Hensley
Community Development Director
City of Duarte
1600 Huntington Drive
Duarte, CA 91010

Subject: Proposal Options for Building & Safety Services

Dear Mr. Hensley:

Charles Abbott Associates, Inc. (CAA) Per your request is providing this Three Option proposal for Building & Safety Services to the City of Duarte.

Though you may find other firms offering similar services including your current provider, you will find CAA is exceptionally qualified to provide the requested services. We have provided contract building & safety, engineering, and environmental services for more than twenty-eight years. We are providing similar services to twenty Southern California communities, and 3 out of state communities, with several other Plan review only clients. Our firm size and location will assure our success in delivering the City of Duarte quality service.

CAA proposes three options for providing the City with qualified individuals to support your building & safety service level needs. The three options are as follows: 1) Option One – providing an experienced and qualified fully certified Inspector, with Plan Review certification. 2) Option Two- providing an experienced and highly qualified Building Official and support inspectors as needed, as well as, a full compliment of licensed and certified plan review staff to support your plan review needs, ranging from structural engineers, to specific discipline plan checkers, and CASp specialist. 3) Option Three- providing Option Two above with the addition of a permit technician to cover counter activity as well. Options Two and Three will also include our permit issuance and plan review tracking system (MAC or PC) at no additional cost to the City.

CAA provides all transportation, communication, and other work related equipment included in all pricing levels. We have developed rate structures with each of our clients that assure cost effectiveness without sacrificing quality. Option One will be proposed at an hourly rate, Options Two and Three will be proposed at a percent of fee rate structure.

Our staff is committed to fast turnaround time with maximum efficiency while maintaining a high quality of workmanship. CAA is able to provide quick turnaround times on projects of any size, because of the number of quality, dynamic individuals on our team of experienced plan reviewers. If so desired we can have over-the-counter information and plan-checking services, as well as daily pick-up and delivery or overnight mail service, and digital plan review service available throughout the life of the contract.



CITY OF DUARTE

Understanding: CAA Understands the City is currently seeking inspection services to provide 32-36 hours per week of quality inspection and counter service. CAA also understands that the City is also seeking information related to plan review and the consultant's ability to provide timely plan review in an efficient and effective manner.

The following key positions are as indicated.

Inspections Services- Certified Inspector, with Plan Review Certification.

Building Official Services- Certified Building Official with Inspection, and Plan Review Certification.

Plan Reviewers Services-

Structural Engineers- Licensed Structural Engineers

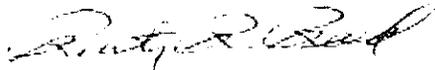
Engineers- Licensed Professional Engineers

Certified Mechanical, Plumbing, Electrical, Green Building and Accessibility Plan Reviewers amongst others.

CAA's Corporate office located at 27401 Los Altos, #220, Mission Viejo, CA. CAA's contact person will be Project Manager, Ron Grider. He can be reached by telephone at 949-367-2850/866-530-4980 or by email at rongrider@caaprofessionals.com.

We would be happy to meet with you to discuss this proposal and your service needs. If there are any questions, or if any additional information is needed, please contact Ron Grider at 866-530-4980

Sincerely,



CHARLES ABBOTT ASSOCIATES, INC.

Rusty R. Reed

President



OVERVIEW AND APPROACH

CAA's goal is to assure that the project is properly staffed and managed to meet the needs of the City. To accomplish this, we will perform the following sub-tasks:

- Participate in a "kick off" meeting with the City staff to review responsibilities, to establish working relationships, and to establish formal and informal lines of communication.
- Conduct a meeting with staff to discuss internal procedures, to have a common understanding of how individuals will be interfacing, and to establish a cooperative working relationship.
- Allocate time for each CAA staff person to review and clearly understand the City's policies and guidelines.

CAA staffing levels will ensure that all City building inspections are conducted in an efficient and courteous manner that is responsive to the City's and public's needs.

When workload demands require more than the core staff to meet turnaround times, CAA's corporate staff of certified inspectors, plans examiners, registered engineers and other staff with specialized expertise will support the core staff when the complexity and nature of the workload increase dictate such.

The Project Manager will make periodic reviews of our team's work to assure that the work quality, work flow process, inspection and turnaround times are fully achieved.

CAA's Project Manager for this engagement, Ron Grider, PE, Regional Director will supervise the project and maintain continuous communication with City of Duarte. Ron will assure that the City is 100% satisfied with our staff, our turnaround times, the quality of our work, and the overall teamwork between our staff and yours. Any shortcomings from the City's perspective will be dealt with promptly. He will be available to discuss upcoming workload and coordinate all staffing assignments to assure quality reviews within specified turnaround times.

It is important that the individuals assigned to the City possess the following key skills:

- Exceptional customer service skills;
- Technical knowledge to perform the duties;
- Certification/registration in the necessary disciplines to demonstrate their technical knowledge;
- Ability to stay current with technology through ongoing training;
- Ability to communicate effectively with the public;
- Ability to transmit the technical knowledge to help individuals and businesses to comply with related regulations; and
- Desire to work cooperatively with other staff members.

Conceptual Service Plan

CAA is proposing to provide the following:

OPTION ONE-

- *A Certified Building/Inspector with broad experience in jurisdictional procedures, a solid background in code compliance with a strong commitment to customer service*
- *A back-up Inspector Certified and Qualified with experience with municipal government*
- *Alternate back-up Inspectors Certified and Qualified with experience with municipal government*
- *CAA will provide clear, concise corrections for the applicant, corrections will be provided in a professional manner*
- *Provide next-day inspections of all requested inspections called in*
- *Coordinate with Community Development Director and other departments and agencies on all Certificates of Occupancy*
- *Maintain clear and concise Inspection records*
- *CAA will complete Code required paperwork and any additional requirements by the City.*
- *Additional services as needed and as requested by the City*

OPTION TWO-

- *A Certified Building Official with broad experience in jurisdictional procedures, a solid background in code compliance with a strong commitment to customer service*
- *A back-up Inspector Certified and Qualified with experience with municipal government*
- *Alternate back-up Inspectors Certified and Qualified with experience with municipal government*
- *Licensed Structural Engineers*
- *Other Registered Professional Engineers*
- *Certified Plan Reviewers in various disciplines(Mechanical, Plumbing, Electrical, Green Building, Energy, Accessibility, Etc.*
- *Certified CASp Specialist*
- *Majority of plan reviews to be completed at the City Hall*
- *CAA will provide clear, concise corrections for the applicant, corrections will be provided in a professional manner*
- *Perform all necessary liaisons with the applicant designee via phone, email, or meetings.*
- *Provide recommendations and act as liaison to the Community Development Director*
- *Attend meetings as requested*
- *Provide next-day inspections of all requested inspections called in*
- *Coordinate with Community Development Director on all discretionary decisions and request for alternate materials or types of construction.*
- *Coordinate with Community Development Director and other departments and agencies on all Certificates of Occupancy*
- *Maintain clear and concise Inspection records*
- *CAA will provide Building and /or Engineering Staff for emergency situations; all CAA building and engineering staff are Disaster Service Worker (DSW) certified*
- *CAA will complete Code required paperwork and any additional requirements by the City.*
- *Additional services as needed and as requested by the City*

Provide at no additional cost a Permit Issuance and Plan Review Tracking System (hardware and software) MAC or PC with the capability for field enhanced technology (inspections via electronic tablets)



OPTION THREE-

- *A Certified Building Official with broad experience in jurisdictional procedures, a solid background in code compliance with a strong commitment to customer service*
- *A back-up Inspector Certified and Qualified with experience with municipal government*
- *Alternate back-up Inspectors Certified and Qualified with experience with municipal government*
- *Permit Technician- providing counter assistance, phone and clerical support.*
- *Licensed Structural Engineers*
- *Other Registered Professional Engineers*
- *Certified Plan Reviewers in various disciplines(Mechanical, Plumbing, Electrical, Green Building, Energy, Accessibility, Etc.*
- *Certified CASp Specialist*
- *Majority of plan reviews to be completed at the City Hall*
- *CAA will provide clear, concise corrections for the applicant, corrections will be provided in a professional manner*
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- *CAA will complete Code required paperwork and any additional requirements by the City.*
- *Additional services as needed and as requested by the City*

Provide at no additional cost a Permit Issuance and Plan Review Tracking System (hardware and software) MAC or PC with the capability for field enhanced technology (inspections via electronic tablets)



Inspection Services

Inspection Personnel Qualifications

CAA assigned staff will perform inspection services as required by the City of Duarte. Our staff will meet or exceed the City's minimum qualifications for all position(s). Competent inspectors will be provided whose background, experience, applicable certifications and demeanor demonstrates the ability to conduct inspections in accordance with jurisdiction standards. All CAA inspectors are ICC certified.

CAA will provide all materials, resources, tools and training required for our inspectors to perform their assigned duties, including cell phones and other technology devices that enhance service.

Inspection Responsibilities

Inspectors assigned to the City will perform continuous or periodic construction inspections to verify that the work of construction is in conformance with the approved project plans, as well as identifying issues of non-compliance with applicable codes. Projects under construction by permit from the City will be inspected for compliance with the State of California Building, Mechanical, Plumbing, Electrical, Energy, Green Building, and Accessibility Codes as adopted by the State and amended by the City, as well as a working familiarity with the Fire Codes. Inspectors are accessible and available to meet with the project design team and/or the client's representatives to work out problems and help resolve issues quickly and efficiently. Our inspection staff easily integrates into client organizations,

- CAA will provide detailed monthly, quarterly, and annual reports of our activities to the City on accountability report forms approved by the City. The reports will include, but are not limited to, fees collected, staffing levels provided, staff hours expended, the number of permits issued, number of inspections, by type, made, and other financial, operational, and statistical information pertinent to the services provided.
- CAA will conduct any necessary or required investigations as directed by the City. Investigations will include field and office research, investigation follow-ups and preparation of notices, letters, or documents.
- CAA can provide and maintain all vehicles and equipment required or necessary to carry out inspections and duties of the Building Services Division.

CAA maintains well qualified and educated inspectors and plan checkers. The staff regularly attends training courses, seminars, and conferences to ensure each is up-to-date with the most relevant issues in the industry. As an example of these advanced industry-training standards, CAA provides California Building Official, (CALBO) certified in-house training to ensure staff members are aware of all State-mandated procedures, policies, and requirements.



BUILDING AND SAFETY SERVICES (DETAILED)

CAA has the resources and technical capabilities to meet the demands of Building and Safety Division services of the City. The following sections identify the basis of our service agreement and promises:

- **Architectural** – CAA staff is certified and experienced in all phases of architectural review, including construction types, occupancies, separations, heights, areas, egress means, and fire/life safety. CAA brings many years of experience with respect to size, shape, and use of buildings with varying complexities. Many of CAA's staff are active in architectural code promulgation at the state and national level and several sit on CALBO and International Code Council (ICC) committees.
- **Structural** – CAA's plan review structural engineers have reviewed structural plans with varying degrees of construction complexity from single-family homes to high-rise multi-use facilities. CAA's plan review engineers maintain California registration with an average experience of over 30 years in structural and design plan review.
- **Mechanical** – CAA staff are experienced in plan review and inspection of mechanical installations from simple FAU applications to complex smoke control systems. CAA staff will bring such knowledge, experience, and understanding to City reviews and inspections.
- **Plumbing** – CAA staff are well knowledgeable and experienced in the review and inspection of plumbing plans and installations including applications from the simple to the complex. Since many of our staff has worked in the field, they can draw on their own expertise and experiences as the designer, developer, and inspector.
- **Electrical** – CAA staff is experienced in the plan review and the inspection of various electrical installations residential and commercial.
- **T-24 Energy** – CAA staff are well informed of California's Energy Efficiency Standards for Residential and Non-Residential Buildings, or "T-24 Energy" standards. CAA staff receives extensive annual training to ensure that each is aware of the specifics of these state programs.
- **Accessibility** – CAA staff attends state and locally sponsored CALBO and ICC training relative to disabled access. CAA staff takes disabled access seriously and has been proactive on CALBO's *Accessibility Compliance Committee*. CAA can provide a *Certified Access Specialist Program (CASp)* professional to meet California's new requirements that took effect in July 2010.
- **LEEDs** – CAA recognizes the importance of and pursues environmentally conscious design and development procedures consistent with the U.S. Green Building Council (USGBC), Leadership in Energy & Environmental Design (LEED) certification standards. CAA has staff certified through the LEED process that are available to review City development projects that are required to have LEED Certification(s).
- **Green Building Code Review** – CAA can and will provide staff that are aware and up to date on the 2010 California Green Building Standards (*CALGreen*) Code revisions. As with LEED certification, CAA



seeks to enhance and improve City development projects through cooperation and collaboration with stakeholders.

Plan Review Services

All of our employees have a passion for exceptional customer service. We take special interest in our performance of duties, always focused on efficient project processing and successful project outcomes. In addition the staff at CAA brings a can-do attitude to their work— always willing to meet with clients for pre-design meetings, pre-submittal meetings or as needed to resolve complex code related plan review issues in the most efficient manner possible.

Responsive Project Management

By cooperating and working closely with all of the entities responsible for project approval, we form a collaborative working relationship that centers on successful project processing. As a result, the development approval process with other city departments is timely, seamless and efficient. We minimize surprises that can lead to costly delays due to plan revisions late in the approval process by beginning work early with the project design team involved with major construction projects. Our facilitative approach to project review stresses building safety while allowing for innovation in approach to resolve complicated building design issues. CAA also recognizes the needs of sensitive projects and those that require special attention to meet the needs of the community.

General Plan Review Services

Most minor plan review and rechecks can be performed in City Hall Offices, more complex plan review will be performed in our corporate or regional office depending on the level of professional review required e.g (Structural Engineers, Architects, or Fire protection Engineers). If requested CAA can have an engineer available to come into the City on a regular schedule to perform plan reviews and meet with clients. Staff project experience ranges from single-family dwellings to large multi-story buildings, including numerous California schools, colleges, and essential service buildings, commercial buildings, and industrial facilities, high rises and other complex structures.

The CAA team for this project enters this contract with many years of experience on similar projects. In addition, we have a good understanding of City requirements due to our many years of service in other surrounding agencies and our active involvement in the code adoption process.

Having a good understanding of your specific requirements is critical to effective operations. We will accomplish this by establishing a very good working relationship with staff, keeping up with code changes and attending various meetings and trainings.

The CAA team works diligently to assure effective coordination internally and with other agencies.



CAA Plan Check Service Plan:

- Review plans to ensure compliance with the current Adopted California Building Codes and all State and local amendments.
- CAA will provide a plan check engineer available to meet clients if necessary.
- The certified plans examiner will provide plan review for non-structural plans (conventional framing) including most room additions, tenant improvements, electrical, plumbing and mechanical plans.
- CAA will use existing (or create if none exist) standard plan checklist from the City of Duarte to ensure consistency in plan review.
- CAA will utilize Electronic plan checking to increase efficiency and turnaround times where possible.
- A comprehensive list of comments is prepared and returned to the client along with the plans.

The following key sub-tasks are included:

- Screen and log each plan requiring full or partial review to assure that they are routed to the proper plans examiner. This is done to assure that plans are routed quickly and to avoid any unnecessary delays. CAA assumes full responsibility for transport and handling of plans.
- Using City of Duarte approved checklists, review submittals for compliance with all current relevant state and local requirements. CAA has structural engineers on staff to meet the review requirements for more complicated plans.
- Perform all assigned plan reviews and rechecks in stated times.
- Ensure plans conform to the city's most current codes.
- A Structural Engineer will review structural plans.
- Attend meetings with staff, public officials, developers, contractors, and the general public as directed.
- Verify all information as shown on the transmittal provided with each plan review.
- Perform all accelerated plan reviews as requested by the City
- Maintain required insurance, licenses, certificates, and permits.
- Assist in the continued implementation of building and safety automated permit system.
- Pick-up and delivery service between our office and the City office in Duarte.
- Majority of plan reviews to be completed at City Hall

DIGITAL REVIEW

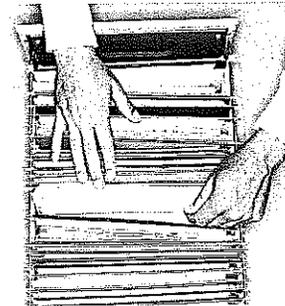
CAA proposes to provide review as currently established, as well as electronic plan review; we currently work with SIRE Technology, which can accommodate Adobe Acrobat PDF, as well as other formats such as CAD, or scanned drawings.

Transition Plan

SMOOTH TRANSITION FROM CURRENT SERVICES

The transition from current services' staff to the CAA team will be smooth, timely, and unnoticed by the public. We will review City forms, procedures, and policies immediately and will recommend any efficiency to the City. Any action will be closely coordinated with City Management or assigned staff.

Our role is to effectively work with City staff, provide optimum services to the public, and to generate a cost benefit to the City of Duarte. CAA has a proven track record with other clients and we can achieve similar results for your City.



The following is an outline of the key tasks that generally need to be completed as part of transitioning to CAA staff. If selected, CAA will prepare a detail of tasks, along with a timetable for completion and tracking of progress.

- Develop review and control procedures.
- Develop timing/schedule for transition.
- Analyze space and other operational requirements.
- Implement progress/monitoring reports.

CAA has made similar transitions from other consulting firm operated building and safety services in the following cities: Apple Valley, Yucaipa, Mission Viejo, Laguna Niguel, Yucca Valley, Los Alamitos, Rancho Santa Margarita, Riverdale GA, Palmetto GA

CAA has made transition from county services in the following cities: Twenty Nine Palms (San Bernardino County), Camarillo (Ventura County), Aliso Viejo (Orange County), Hidden Hills (Los Angeles County), Moorpark (Ventura County).



Provide Computer hardware and software for permit issuance and plan review tracking ready for operation on day one of the contract.

SCHEDULE

Timeliness: All initial reviews will be returned within 10 business days for single family residential, small and large commercial projects, improvement plans. Rechecks will be returned within 5 working days for the first recheck and 3 business days for all subsequent rechecks, with 5 business days for revisions to plans.

Our plan review staff will, at the permission of the City, arrange meetings with the designer, owner or representative to try to resolve any issues when subsequent checks are required.

Initial Checks	10 days
Recheck	5 days
Plan Change	5 days
Single Family Dwelling	7-10 days
Apartments	10 days
Tenant Improvements	5-7 days
Commercial/Industrial	10 days
Revisions to Approved Plans	3-5 days
Electrical Only	3-5 days
Residential Improvements (i.e. room additions, etc)	3-5 days

METHOD OF CONTACT

Communicating Plan Review Results

Plan reviews, when not immediately approved, will result in two complete typewritten plan check letters with comments referring to specific details and drawings, and referencing applicable code sections. We will provide a clear, concise, and thorough comment letter from which clients, designers, contractors, and owners can work. Comment letters are delivered to our clients and other designated recipients via email, fax, and/or reliable overland carrier unless directed otherwise. CAA will transmit plan review comments and coordinate re-checks directly to the City or to the applicant if desired, and completed plan review documents ready for approval will be returned to the City for final approval.

CAA proposes to provide every means available for contact:

Method	Response Time
Permit assistance at the public counter	Within ten minutes
Telephone	Within 24 hours
Email/Fax	Same Day
Monthly Statistical Accounting	End of each Month



PROFESSIONAL SERVICES FEES

OPTION ONE- HOURLY BUILDING INSPECTOR SERVICE FEES

All Building related Services:

Certified Building Inspector (32-36 hours per week minimum)

Additional back-up inspectors (as needed)

(All proposed Staff fully qualified, experienced, certified)

Our proposed fee for service, which is expressed as an hourly rate includes ALL associated costs for labor, materials, equipment and supplies necessary to provide such service.

INSPECTION ONLY RATE

Option 1

Hourly RATE

**CAA's
Hrly Rate**

BUILDING INSPECTOR

\$75/hr

Please see Proposal for details (One full time building inspector 32-36 hrs/wk)



OPTION TWO- AUGMENTED BUILDING & SAFETY SERVICE FEES

All Building related Services:

Building Official (As-Needed)

Certified Building Inspector (32-36 hours per week minimum)

Additional back-up inspectors (as needed)

Plan Check Staff – available for Scheduled hours, as well as fully staffed TEAM available for support.

(All proposed Staff fully qualified, experienced, certified and licensed)

Our proposed fee for service, which is expressed as a percentage (%) of the City of Duarte’s standard permit and plan review fees, includes All associated costs for labor, materials, equipment and supplies necessary to provide such service.

For augmented building & safety service, we propose a tiered approach to the regular permit and plan review fee charged by the City of Duarte in accordance with the current format of 2x County of Los Angeles Building Permit and Plan Check Fee Schedule currently in use.

Option 2	Fees Collected*	CAA's % of Fees
	First \$500,000	35%
	Second \$500,001 to \$750,000	30%
	Over \$750,000	25%

Please see Proposal for details



OPTION THREE- FULL SERVICE BUILDING DEPARTMENT FEES

All Building related Services:

- Building Official (32-36 hours per week minimum or As-Needed)
- Certified Building Inspector (32-36 hours per week minimum)
- Additional back-up inspectors (as needed)
- Permit Technician
- Plan Check Staff – available for Scheduled hours, as well as fully staffed TEAM available for support.
(All proposed Staff fully qualified, experienced, certified and licensed)

Our proposed fee for services, which are expressed as a percentage of the City of Duarte’s standard permit and plan review fees, includes All associated costs for labor, materials, equipment and supplies necessary to provide such services are included in our fixed fees.

For standard full service building department, we propose a tiered approach to the regular permit and plan review fee charged by the City of Duarte in accordance with the current format of 2x County of Los Angeles Building Permit and Plan Check Fee Schedule currently in use.

Option 3	Fees Collected*	CAA's % of Fees
	First \$500,000	45%
	\$500,001 to \$750,000	40%
	Over \$750,000	35%

Please see Proposal for details

PLAN REVIEW FEES

Our proposed fee for services, which are expressed as a percentage of Duarte’s standard plan review fees, includes the initial review and review of up to two (2) subsequent reviews of re-submitted documents for each plan package. All associated costs for labor, materials, equipment and supplies necessary to provide such services are included in our fixed fees.

ACCELERATED REVIEW SERVICES:

For accelerated plan review services we propose a fee of 120 % of the regular plan review fee charged by the City of Duarte.



CITY OF DUARTE

HOURLY FEE FOR ADDITIONAL SERVICES OUTSIDE OF NORMAL SCOPE:

Building Official	\$110/ hr
Plan Check Engineer	\$120/hr
Building Inspector	\$75/hr
Permit Technician	\$54/hr
CASp Specliast	\$110/hr

FIRMS INFORMATION AND QUALIFICATIONS

ABILITY TO PERFORM DESIRED SERVICES

This section of our proposal contains firm's qualifications and experience:

Charles Abbott Associates, Inc. (CAA) is the most qualified building & safety services provider for Cities who want services above and beyond the industry standard, our aim is to excel by providing unsurpassed customer service. We have had successful involvement with municipal services since 1984, which has given us the earned reputation of being the best in the industry.

CAA has the range of services that the City of Duarte requires to handle the municipal functions of Codes inspection and plan check services. We have customize our services to meet the particular needs of the City by providing three options of service. The CAA Building & Safety staff that are to be assigned to the City of Duarte have numerous years of experience to supplement the City's existing departments.

The CAA project team chosen to serve the City of Duarte will include personnel with proven track records in varied projects throughout Southern California. The combinations and overlap of these individual's talents will provide for both thorough and consistent service. A Certified Building Official will provide consistency in building and Safety, a supporting staff of inspection and plan checking personnel will be included to support staff for plans review and inspections. Resumes will be provided upon request.

The City is seeking a quality firm with an excellent reputation that has experience with the type of projects in the same climatic conditions as the City of Duarte. Charles Abbott Associates is that firm.

As a part of all our building & safety services, we provide timely review services that are priced attractively to both our contract cities and the development community. Our experience in building review includes review starting at the construction document preparation, construction, and inspection. We have experience in a full range of different types and sizes of development, ranging from single rural properties to master planned communities, mixed-use developments, planned unit developments and industrial/commercial business parks, as well as high-rise and complex structures.

CAA has one of the most comprehensive Building and Safety services in the industry, providing all functions of a full service department, as well as part time functions. We have some of the most qualified and experienced professionals for the services requested, with a fully trained support team



that provides licensed and certified engineers and plans examiners, as well as experienced and certified inspectors and permit technicians.

In summary, CAA has the demonstrated experience, staffing, and professional relationships to make all the cities we work with a success in all the departments we serve. We believe that as you evaluate service providers, you may very well find that several firms possess the technical skills necessary to provide the services that you are seeking. However, we believe that upon further evaluation of our qualifications and consideration of our firm's unique and unmatched delivery of services, you will find that CAA is best qualified to serve you.



MEMORANDUM

TO: Darrell J George, City Manager
FROM: Kristen Petersen, Assistant City Manager
DATE: December 11, 2012
SUBJECT: AUDITED FINANCIAL STATEMENTS – FISCAL YEAR 2011/12

Background

After the end of each fiscal year, an independent accounting firm is used to conduct a financial audit of the City of Duarte and the Redevelopment Agency of the City of Duarte. The City utilized the services of the auditing firm, Lance Soll & Lunghard to conduct the audit.

Copies of the City financial statements for the fiscal year ended June 30, 2011 are attached. The auditor found them to be prepared in accordance with generally accepted accounting principles and to fairly present the financial position of the City. The audit did not identify any deficiencies in internal control over financial reporting. The audit noted that there are many transactions that are dependent on the final approval of the Department of Finance and may be reversed at some later time.

In comparison to the mid year budget review done in February, the financial statements reflect a slightly improved picture than previously anticipated in the City's General Fund. In February 2011 during mid-year review the General Fund was projected to end with approximately \$12.5 million and instead the General Fund Balance ended up at \$12.8 million. At that time we had projected a surplus of approximately \$575,000 and instead we will end up contributing closer to \$875,000.

Revenues such as property tax, sales tax and building permits all modestly exceeded mid year projections, whereas revenues such as parking citations and interest earnings generated less than projected at mid year. The largest increase in revenues that was not anticipated at mid year was a prior year grant for park improvements, for which the General Fund had advanced funds in the amount of \$311,000 and which were finally received and reimbursed to the General Fund. The net result of all revenue changes was positive with revenues approximately \$500,000 or 4% higher than expected at mid year.

As far as expenses, the largest increase was related to the charges that we expended between February 1, 2012 and June 30, 2012, which we intended to charge to the Successor Agency. At that time there was no clarity on what enforceable obligations were allowed and given that it was prior to the adoption of AB1484, changes were retroactive further denying certain expenses that we had already made. As a result, expenses such as the Administrative Reimbursement Agreement, travel,

Darrell J. George, City Manager
December 11, 2012
Page 2

training, property maintenance and legal services were disallowed and this increased the costs that had to be charged to the General Fund. These increased expenses were partially offset by other expenses that were under budget, however the net result was total expenses of approximately \$211,000 or 1.8% higher than we had projected at midyear.

As a result of the actual year-end surplus, General Fund reserves were increased to \$12,810,455. However it is important to remember that \$7.5 million of this amount is the transfer made from the Redevelopment Agency to the General Fund for the repayment of debt. This amount has been identified in the most recently prepared DDR and Staff continues to recommend that until the final decision is made by the Department of Finance on the legality of this transfer in relation to AB1X26 and AB1484 that these amounts remain unspent. As a result, there are approximately \$5.3 million in available General Fund reserves, which is 46% of the General Fund Expenditures in 2011/12.

Please note that staff will be bringing the mid year budget for 2012/13 before City Council at the second meeting in January 2013. The actual fund balance will serve as a primary part of the mid year analysis and how priorities will be established and decisions will be made to retain reserves and move Duarte cautiously forward.

Recommendation

It is recommended that the City Council receive and file the audited financial statements for the fiscal year ended June 30, 2012.

CITY OF DUARTE, CALIFORNIA
FINANCIAL STATEMENTS
FISCAL YEAR ENDED JUNE 30, 2012

PREPARED BY:
THE CITY OF DUARTE, CALIFORNIA
ADMINISTRATIVE SERVICES DEPARTMENT

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CITY OF DUARTE, CALIFORNIA

JUNE 30, 2012

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CITY OF DUARTE, CALIFORNIA

JUNE 30, 2012

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- Brandon W. Burrows, CPA
- David E. Hale, CPA, CFP
A Professional Corporation
- Donald G. Slater, CPA
- Richard K. Kikuchi, CPA
- Susan F. Matz, CPA
- Shelly K. Jackley, CPA
- Bryan S. Gruber, CPA
- Deborah A. Harper, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
City of Duarte, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Duarte, California, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Duarte, California's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Duarte, California, as of June 30, 2012, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the Housing Authority for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We would like to draw the reader's attention to Note 17 – "Successor Agency Trust for Assets of Former Redevelopment Agency". The note provides information on the dissolution of the Redevelopment Agency and the new formed Successor Agency."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012, on our consideration of the City of Duarte, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.



To the Honorable Mayor and Members of City Council
City of Duarte, California

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Duarte, California's financial statements as a whole. The combining and individual nonmajor fund financial statements and budgetary comparison schedules, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Lance, Soll & Luyhard, LLP

Brea, California
December 3, 2012

**City of Duarte
Management's Discussion and Analysis
Year Ended June 30, 2012**

This discussion and analysis is intended to provide readers with a narrative overview of the City of Duarte's (City's) financial activities for the fiscal year ended June 30, 2012. This information should be considered in conjunction with the accompanying financial statements and the notes to those statements.

Financial Highlights

- At the close of the fiscal year, the City's assets exceeded its liabilities by \$96,221,871 (net assets). A significant part of assets is the estimated value of infrastructure, which has been capitalized in accordance with the requirements of GASB 34. However, the greatest impact creating a substantial increase over last year is the dissolution of Redevelopment and transfer of RDA liabilities to the Successor Agency.
- During the year, taxes and other revenues received by the City exceeded program expenses by \$2,321,891. However, as described above, given the extraordinary gain to the City assets due to the dissolution of Redevelopment and removal of RDA assets and liabilities, the City's net assets actually reflect an increase of \$20,471,668.
- The City's governmental funds had ending fund balances of \$41,233,746, an increase of \$2,859,063 over the prior year. This increase took place largely within the General and Housing Authority Funds.
- This year, the City's General Fund ended the fiscal year with a surplus of \$875,319, which is higher than the surplus of \$577,000 that was projected at mid year. The primary reason for the difference was the repayment of \$311,000 in funds previously advanced from the General Fund to the Park Grant fund for projects that have since received grant reimbursements.
- Overall the City's General Fund expenditures were \$460,939 lower than the previous year, largely due to budget reductions, delayed staff replacements and in some cases continuing vacancies.
- The City's debt decreased by \$18,220,061 during the fiscal year to \$2,052,207 mostly due to the dissolution of redevelopment and the transfer of all RDA debt to the Successor Agency.

Overview of the Basic Financial Statements

The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. In addition, required supplementary information is provided relating to the City's budgets for major funds.

Government-wide Financial Statements

The government-wide financial statements are found on pages 9 and 11 of this report. They are designed to give readers an overview of the City's financial position. These statements include all of the City's assets and liabilities, using the full accrual basis of accounting, which is similar to accounting methods used by most private sector companies. All of a fiscal year's revenues and expenses are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, assets, liabilities, and expenses are reported in these statements for some transactions that will result in cash flow in future fiscal periods.

The "Statement of Net Assets" presents all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator for determining whether the financial position of the City is improving or deteriorating.

The "Statement of Activities" presents information showing the City's revenues and expenses for the fiscal year. Functional activities are identified in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.

The government-wide financial statements encompass the activities of four different legal entities: the City of Duarte, the Redevelopment Agency of the City of Duarte, the Duarte Housing Authority and the Duarte Public Financing Authority. This is in keeping with generally accepted accounting principles.

The City of Duarte provides an array of services to the public similar to those of other municipal governments. These include police protection, parks and recreation, planning and development, public works, code enforcement, animal control, transit services, and refuse collection. The Housing Authority is responsible for providing low and moderate-income housing. The function of the Financing Authority is to facilitate the issuance of debt.

Fund Financial Statements

The fund financial statements can be found on pages 12-13 and 16-17 of this report. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to demonstrate compliance with finance related legal requirements. All of the funds of the City of Duarte can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

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

The City maintains twenty-one individual governmental funds. Three of these funds are considered "major" and, according to generally accepted accounting principles, are reported separately in the fund financial statements. The remaining eighteen funds are reported on a consolidated basis. Please note that the three Redevelopment Agency funds were dissolved as of February 1, 2012 and as a result will not be reported in City governmental funds in future years.

Because the focus of fund financial statements is narrower than that of the government-wide financial statements, it can be useful to compare the two. Comparisons may give readers a better understanding of the long-term impact of the City's near-term financial decisions. On pages 15 and 18 of this report, statements are provided reconciling the "Governmental Fund Balance Sheet" and the "Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances" to the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Duarte's own programs. The Successor Agency and Redevelopment Obligation Fund are Fiduciary funds; the City budgets for these funds to reflect the operations of the Successor Agency. Trustee funds are set up to account for the resources held for bond payments and for recording transactions performed by appointed trustees. The City does not budget for the trustee activities.