AGENDA
EL SEGUNDO CITY COUNCIL
COUNCIL CHAMBERS - 350 Main Street

The City Council, with certain statutory exceptions, can only take action upon properly posted and listed agenda items. Any writings or documents given to a majority of the City Council regarding any matter on this agenda that the City received after issuing the agenda packet are available for public inspection in the City Clerk’s office during normal business hours. Such Documents may also be posted on the City’s website at www.elsegundo.org and additional copies will be available at the City Council meeting.

Unless otherwise noted in the Agenda, the Public can only comment on City-related business that is within the jurisdiction of the City Council and/or items listed on the Agenda during the Public Communications portions of the Meeting. Additionally, the Public can comment on any Public Hearing item on the Agenda during the Public Hearing portion of such item. The time limit for comments is five (5) minutes per person.

Before speaking to the City Council, please come to the podium and state: Your name and residence and the organization you represent, if desired. Please respect the time limits.

Members of the Public may place items on the Agenda by submitting a Written Request to the City Clerk or City Manager’s Office at least six days prior to the City Council Meeting (by 2:00 p.m. the prior Tuesday). The request must include a brief general description of the business to be transacted or discussed at the meeting. Playing of video tapes or use of visual aids may be permitted during meetings if they are submitted to the City Clerk two (2) working days prior to the meeting and they do not exceed five (5) minutes in length.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact City Clerk, 524-2305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, APRIL 19, 2016 – 5:00 PM

5:00 P.M. SESSION

CALL TO ORDER

ROLL CALL

PUBLIC COMMUNICATION – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250.
SPECIAL ORDER OF BUSINESS:

CLOSED SESSION:

The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City’s Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators; as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov’t Code §54956.9(d)(1): -2- matter

1. City of El Segundo vs. City of Los Angeles, et.al. LASC Case No. BS094279
2. Li v. City of El Segundo, et al, LAXC Case No. BC605728

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code §54956.9(d)(2): -1- matter.


DISCUSSION OF PERSONNEL MATTERS (Gov’t Code §54957): -0- matter

APPOINTMENT OF PUBLIC EMPLOYEE (Gov’t. Code § 54957): -0- matter

PUBLIC EMPLOYMENT (Gov’t Code § 54957) -0- matter
CONFERENCE WITH CITY’S LABOR NEGOTIATOR (Gov’t Code §54957.6): -6-matters

1. Employee Organizations: Police Management Association; Police Officers Association; Police Support Services Employees Association; Supervisory and Professional Employees Association; City Employees Association; Executive Management Group (Unrepresented Group).

Agency Designated Representative: Steve Filarsky and City Manager

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov’t Code §54956.8): -0-matters
AGENDA
EL SEGUNDO CITY COUNCIL
COUNCIL CHAMBERS - 350 Main Street

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REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, APRIL 19, 2016 - 7:00 P.M.

7:00 P.M. SESSION

CALL TO ORDER

INVOCATION – Pastor Brandon Cash, Oceanside Christian Fellowship

PLEDGE OF ALLEGIANCE – Council Member Fellhauer
PRESENTATIONS

a) Presentation – Recognition of Public Works employees Michael Ward, Marco Becerra and Jesse Pedroza for their quick action extinguishing a house fire.

b) Presentation – Recognition of Fire Marshal James Carver by the California Fire Chiefs Association Fire Prevention Officers section, awarding the William E. Fox lifetime achievement award.

c) Proclamation – Earth Day in El Segundo, Saturday, April 23, 2016.


e) Presentation – Stephanie Katsouleas – Plunge Update

ROLL CALL

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) Individuals who have received value of $50 or more to communicate to the City Council on behalf of another, and employees speaking on behalf of their employer, must so identify themselves prior to addressing the City Council. Failure to do so shall be a misdemeanor and punishable by a fine of $250. While all comments are welcome, the Brown Act does not allow Council to take action on any item not on the agenda. The Council will respond to comments after Public Communications is closed.

CITY COUNCIL COMMENTS – (Related to Public Communications)

A. PROCEDURAL MOTIONS

Consideration of a motion to read all ordinances and resolutions on the Agenda by title only.
Recommendation – Approval.

B. SPECIAL ORDERS OF BUSINESS (PUBLIC HEARING)
C. UNFINISHED BUSINESS

D. REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS

E. CONSENT AGENDA
All items listed are to be adopted by one motion without discussion and passed unanimously. If a call for discussion of an item is made, the item(s) will be considered individually under the next heading of business.

1. Warrant Numbers 3010469 through 3010744 on Register No. 13 in the total amount of $1,142,414.70 and Wire Transfers from 3/21/16 through 4/10/16 in the total amount of $1,372,119.40.
Recommendation – Approve Warrant Demand Register and authorize staff to release. Ratify Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.

2. Regular City Council Meeting Minutes of April 5, 2016.
Recommendation – Approval.

3. Consideration and possible action regarding Adoption of 1) a Resolution amending Chapter 1A2 of the Administrative Code providing benefit changes to employees of the Executive and Management-Confidential series; 2) Resolutions updating the employer’s contribution under the Public Employees’ Medical and Hospital Care Act for the El Segundo Executive Management Group, Management/Confidential Group, Supervisory and Professional Employees’ Association (SPEA), and Police Managers’ Association (PMA) and 3) a Resolution for Employer Paid Member Contributions (EPMC) for Management-Confidential. (Fiscal Impact: FY 15-16: $70,600; FY 16-17: $372,400)
Recommendation – 1) Adopt the resolutions; 2) Alternatively, discuss and take other action related to this item.

4. Consideration and possible action regarding authorization for the Police Department to hire a full-time benefited Police Service Officer by consolidating funds from two part-time and one full-time non-benefited positions. (Fiscal Impact: Not to exceed $106,000.00)
Recommendation – 1) Authorize the Police Department to hire one full-time benefited Police Service Officer to increase authorized staffing by one; 2) Authorize the Police Department to consolidate salary and benefits funding from
(1) Office Specialist 1 and (2) part-time Police Service Officers to fund the additional PSO; 3) Alternatively, discuss and take other possible action related to this item.

5. Consideration and action to adopt a Resolution approving Plans and Specifications for City-wide Catch Basin Screen Installation, Project No. PW16-12.
   (Fiscal Impact: $68,000.00)
   Recommendation – 1) Adopt the Resolution approving Plans and Specifications for City-wide Catch Basin Screen Installation Project (Project No. PW16-12); 2) Alternatively, discuss and take other action related to this item.

6. Consideration and possible action to receive and file this report regarding emergency work to repair dwelling units at the Park Vista Senior Housing Facility due to water intrusion without the need for bidding in accordance with Public Contracts Code §§ 20168 and 22050 and El Segundo Municipal Code ("ESMC") §§ 1-7-12 and 1-7A-4.
   (Fiscal Impact: $50,000.00)
   Recommendation – 1) Receive and file this report regarding emergency work to repair dwelling units at the Park Vista Senior Housing Facility due to water intrusion without the need for bidding in accordance with Public Contracts Code §§ 20168 and 22050 and El Segundo Municipal Code ("ESMC") §§ 1-7-12 and 1-7A-4; 2) Alternatively, discuss and take other action related to this item.

7. Consideration and action to authorize the City Manager to execute an amendment and extend the professional services agreement with Prosum Tech Services in an amount not-to-exceed $100,000.00 for helpdesk and technical support for the Information Systems division.
   (Fiscal Impact: $100,000.00)
   Recommendation – 1) Authorize the City Manager to execute an amendment to extend the professional services agreement with Prosum Technology Services in the amount not-to-exceed $100,000 to provide helpdesk and technical support for the Information Systems division; 2) Alternatively, discuss and take other action related to this item.
F. NEW BUSINESS

   (Fiscal Impact: To Be Determined)
   Recommendation – 1) Receive and file FY 2015-16 Midyear Financial Review; 2) Consider funding for the Richmond Street Rehabilitation Project; 3) Consider funding for the Sidewalk, Curb and Gutter Restoration Program; 4) Alternatively, discuss and take other action related to this item.

G. REPORTS – CITY MANAGER

H. REPORTS – CITY ATTORNEY

I. REPORTS – CITY CLERK

J. REPORTS – CITY TREASURER

K. REPORTS – CITY COUNCIL MEMBERS

   Council Member Fellhauer –

   Council Member Atkinson –

   Council Member Dugan –

   Mayor Pro Tem Jacobson –

   Mayor Fuentes –
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MEMORIALS –

CLOSED SESSION

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REPORT OF ACTION TAKEN IN CLOSED SESSION (if required)

ADJOURNMENT

POSTED:

DATE: 6/1/14

TIME: 6:30 PM

NAME: [Signature]
Presentation
Recognition of Public Works employees Michael Ward, Marco Becerra and Jesse Pedroza.
Quick action extinguishing a house fire.
Presentation
Recognition of Fire Marshal James Carver
California Fire Chiefs Association Fire Prevention Officers section,
awarding the William E. Fox lifetime achievement award.
Proclamation

City of El Segundo, California

WHEREAS, the global community now faces extraordinary challenges, such as global health issues, food and water shortages, and economic struggles; and

WHEREAS, all people, regardless of race, gender, income, or geography, have a moral right to a healthy, sustainable environment with economic growth; and

WHEREAS, it is understood that the citizens of the global community must step forward and take action to create a green economy to combat the aforementioned global challenges; and

WHEREAS, a green economy can be achieved on the individual level through educational efforts, public policy, and consumer activism campaigns; and

WHEREAS, it is necessary to broaden and diversify this global movement to achieve maximum success; and

NOW, THEREFORE, the Mayor and members of the City Council of the City of El Segundo, California, hereby proclaim April 23, 2016 as “Earth Day” in El Segundo and encourage all citizens to support environmental initiatives and promote others to undertake similar actions.

Mayor Suzanne Fuentes
Mayor Pro Tem Carl Jacobson
Council Member Dave Atkinson
Council Member Marie Fellhauer
Council Member Michael Dugan
WHEREAS, The El Segundo Council PTA’s Run 4 Education was established 25 years ago to give a healthy and fun way for the community to come together to support education; and

WHEREAS, In the course of its history, the Run 4 Education started out as the Center Street School Run. In the first year of the run, approximately 600 participants had the option of running a 5k, 10k, or a Kids Fun Run and all of the money raised went to support Center Street School. The event netted nearly $8,000, which was used to refurbish classroom furniture and was made possible by Center Street School PTA volunteers, the El Segundo Fire Department, Explorer Scouts, ESUSD personnel and city employees; and

WHEREAS, Today, the Run 4 Education is hosted by the El Segundo Council PTA, benefitting all four schools in our district. The Run 4 Education has developed into the Council PTA’s largest fundraiser, raising over $50,000, welcoming over 1,000 guests from the community and surrounding area to the streets of El Segundo to run, jog or walk in the 5k, 10k, or Kids Fun Run through the town of El Segundo to support our schools; and

WHEREAS, The money raised from this event is used to support much more than furniture. Today, this money will be used to support technology requests, provide playground equipment, enhance the schools’ appearance, provide for unique student experiences, and support our teachers through professional development; and

WHEREAS, Community support is still of the utmost importance with this event, relying on the El Segundo Police Department, City of El Segundo, parent volunteers from the four schools, and high school student volunteers. The funds raised from this event will be used to support El Segundo High School, El Segundo Middle School, Center Street School and Richmond Street School; and

WHEREAS, Community partners now play an important role in supporting this event, we are fortunate to have Big 5 Sporting Goods, SuperTots Sports Academy, 1-800-GOT-JUNK?, Haz Away Today.com, You Move Me, Skechers, Chevron, El Segundo Athletic Club, Davis & Derosa Physical Therapy, Inc. as some of our sponsors, as well as a Fun & Fitness Expo following the race for participants to enjoy at Library Park, while awaiting race results; and

WHEREAS, The goal of the El Segundo Council PTA is to positively impact the lives of children and families, serving its members and its community by providing opportunities and experiences to make El Segundo School District the best it can be.

NOW, THEREFORE, the Mayor and Members of the City Council of the City of El Segundo, California, hereby proclaim April 23rd as El Segundo Council PTA’s Run 4 Education Day in El Segundo and encourage all citizens to take part in the 25th anniversary celebration.

Mayor Suzanne Fuentes
Mayor Pro Tem Carl Jacobson
Council Member Dave Atkinson
Council Member Marie Fellhauer
Council Member Michael Dugan
Presentation

Stephanie Katsouleas – Plunge Update
**CITY OF EL SEGUNDO**  
**WARRANTS TOTALS BY FUND**

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<td>TOTAL WARRANTS</td>
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**STATE OF CALIFORNIA**  
**COUNTY OF LOS ANGELES**  
Information on actual expenditures is available in the Director of Financio's office in the City of El Segundo.

I certify as to the accuracy of the demands and the availability of fund for payment thereof.

For Approval: Regular checks held for City council authorization to release.

**CODES:**

- **R** = Computer generated checks for all non-emergency/urgence payments for materials, supplies and services in support of City Operations

For Ratification:

- **A** = Payroll and Employee Benefit checks

- **B-F** = Computer generated Early Release disbursements and/or adjustments approved by the City Manager. Such as: payments for utility services, petty cash and employee travel expense reimbursements, various refunds, contract employee services consistent with current contractual agreements, instances where prompt payment discounts can be obtained or late penalty penalties can be avoided or when a situation arises that the City Manager approves.

- **H** = Handwritten Early Release disbursements and/or adjustments approved by the City Manager.

**FINANCE DIRECTOR**

**CITY MANAGER**

**DATE:** 4-12-16
CITY OF EL SEGUNDO  
PAYMENTS BY WIRE TRANSFER  
3/21/16 THROUGH 4/10/16

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1,372,119.40

DATE OF RATIFICATION: 4/7/16
TOTAL PAYMENTS BY WIRE: 1,372,119.40

Certified as to the accuracy of the wire transfers by:

Deputy City Treasurer II
Date

Director of Finance
Date

City Manager
Date

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.
REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, APRIL 5, 2016 – 5:00 PM

5:00 P.M. SESSION

CALL TO ORDER – Mayor Fuentes at 5:00 PM

ROLL CALL

Mayor Fuentes - Present
Mayor Pro Tem Jacobson - Present
Council Member Atkinson - Present
Council Member Fellhauer - Present
Council Member Dugan - Present

PUBLIC COMMUNICATION – (Related to City Business Only – 5 minute limit per person, 30 minute limit total) None

Mayor Fuentes announced that Council would be meeting in closed session pursuant to the items listed on the Agenda.

SPECIAL ORDER OF BUSINESS:

CLOSED SESSION:

The City Council may move into a closed session pursuant to applicable law, including the Brown Act (Government Code Section §54960, et seq.) for the purposes of conferring with the City’s Real Property Negotiator; and/or conferring with the City Attorney on potential and/or existing litigation; and/or discussing matters covered under Government Code Section §54957 (Personnel); and/or conferring with the City’s Labor Negotiators; as follows:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov’t Code §54956.9(d)(1): - 3- matter

1. City of El Segundo vs. City of Los Angeles, et.al. LASC Case No. BS094279
2. Li v. City of El Segundo, et all, LAXC Case No. BC605728

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code §54956.9(d)(2): -1- matter.


DISCUSSION OF PERSONNEL MATTERS (Gov’t Code §54957): -0- matter
APPOINTMENT OF PUBLIC EMPLOYEE (Gov't. Code § 54957): -0- matter

PUBLIC EMPLOYMENT (Gov't Code § 54957) -0- matter

CONFERENCE WITH CITY'S LABOR NEGOTIATOR (Gov't Code §54957.6): -6- matters

1. Employee Organizations: Police Management Association; Police Officers Association; Police Support Services Employees Association; Supervisory and Professional Employees Association; City Employees Association; Executive Management Group (Unrepresented Group).

   Agency Designated Representative: Steve Filarsky and City Manager

CONFERENCE WITH REAL PROPERTY NEGOTIATOR (Gov't Code §54956.8): -0- matters

Adjourned at 6:50 PM
7:00 P.M. SESSION

CALL TO ORDER – Mayor Fuentes at 7:00 PM

INVOCATION – Father Alexei Smith, St. Andrew Russian Greek Catholic Church

PLEDGE OF ALLEGIANCE – Council Member Dugan

PRESENTATIONS

a) Proclamation read by Mayor Fuentes, proclaiming April as National Donate Life Month.

b) Proclamation read by Council Member Dugan, proclaiming April as Sexual Assault Awareness Month and April 27, 2016 as Denim Day.

c) Presentation by Sindee Pickens, El Segundo Public Library, on National Library Week is April 11-17, 2016.

ROLL CALL

Mayor Fuentes - Present
Mayor Pro Tem Jacobson - Present
Council Member Atkinson - Present
Council Member Fellhauer - Present
Council Member Dugan - Present

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total)

Mike Robbins, resident, commented on the minimum wage raise, the April 12, 2016 election, the El Segundo Lakes Golf Course and Top Golf CenterCal deal and the Wiseburn School district Pool deal.

Fernando Aguilar, Tree Muskeeters, Youth Manager, invited Council and residents to the Earth Day Celebration on Saturday, April 23, 2016 from 9:30 am – 11:30 am.

Loretta Frye, resident, spoke highly of the Police Department and Fire Department, wanted to make sure they are thanked for the effort they provide to the community, commented she felt there was not enough time to review the revised regular and special meeting agendas and feels both items that were added, should be decided on with the new seated Council.

CITY COUNCIL COMMENTS – (Related to Public Communications)

Council commented on items from Public Communications.
A. PROCEDURAL MOTIONS

Consideration of a motion to read all ordinances and resolutions on the Agenda by title only.

MOTION by Mayor Pro Tem Jacobson, SECONDED by Council Member Fellhauer to read all ordinances and resolutions on the Agenda by title only. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

B. SPECIAL ORDERS OF BUSINESS (PUBLIC HEARING)

C. UNFINISHED BUSINESS

1. Consideration and possible action regarding a presentation about potential amendments to the development standards for the Single-Family Residential (R-1) Zone. Applicant: City of El Segundo. (Fiscal Impact: None).

Council Member Atkinson, excused himself due to a conflict and left the dais.

Greg Carpenter, City Manager, introduced the item.

Sam Lee, Planning and Building Safety, Director, gave a presentation.

Council Discussion

MOTION by Council Member Fellhauer Jacobson, SECONDED by Council Member Dugan directed staff to prepare a Zoning Code amendment (and associated environmental documents) that will "clean-up" the R-1 Zone development standards and improve/eliminate modulation requirements for the Planning Commission's and City Council's consideration and directed staff to separately study other elements of the R-1 Zone and present possible other changes to the R-1 Zone. MOTION PASSED BY UNANIMOUS VOICE VOTE 4/0; Council Member Atkinson excused himself from the discussion and vote due to a conflict.

Council Member Atkinson returned to the dais.

2. Consideration and possible action to amend certain deadlines in the Due Diligence and Lease Agreement ("Agreement") entered into between the City of El Segundo and the CenterCal LLC regarding the Lakes golf course and driving range. The Agreement provides for making certain changes and improvements to the golf course and turning the driving range into a Top Golf facility. (Fiscal Impact: $0)

Mark Hensley, City Attorney, introduced and gave Council an update on the item.

Council Discussion
MOTION by Council Member Fellhauer, SECONDED by Council Member Atkinson to Authorize the Mayor to execute an amendment no. 4924-1A to the Agreement in a form approved by the City Attorney for purposes of extending certain deadlines in the Agreement. MOTION PASSED BY UNANIMOUS VOICE VOTE 5/0

D. REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS

E. CONSENT AGENDA

All items listed are to be adopted by one motion without discussion and passed unanimously. If a call for discussion of an item is made, the item(s) will be considered individually under the next heading of business.

3. Approve Warrant Numbers 3010223 through 3010468 on Register No. 12 in the total amount of $1,045,674.05 and Wire Transfers from 3/6/2016 through 3/20/2016 in the total amount of $3,148,000.24. Authorized staff to release. Ratified Payroll and employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.


5. Approve thirty (30) day provisional appointment extension for the position of Interim Deputy City Clerk II

6. Waive the formal bidding process and authorize the Fire Department to piggyback off of the National Joint Powers Alliance cooperative procurement contract with National Auto Fleet Group, Contract No. 102811-NAF, enter into City agreement no. 5007 for the purchase of a new 2016 four-door Ford Explorer XLT (K7D) with front wheel drive (FWD) for the Fire Chief, as the current staff vehicle is overdue for replacement, with replacement funds. (Fiscal Impact: $32,103.00)

7. Authorize the City Manager to execute a standard Public Works Contract No. 5008, in a form as approved by the City Attorney, with American Asphalt South, Inc., in the amount of $307,485.70 for the slurry sealing of the streets in the area bounded by the north City Boundary, Sepulveda Boulevard, Mariposa Avenue, and Sheldon Street. Project No.: PW 16-09 (Fiscal Impact: $307,485.70)

8. Authorize the City Manager to enter into a Memorandum of Agreement No. 5009, approved in form by the City Attorney, between the Cities of Los Angeles, Santa Monica and El Segundo, the Los Angeles County Flood Control District, and the County of Los Angeles for $104,391.00 for administration and cost sharing for Implementation of a Coordinated Integrated Monitoring Program (CIMP) for Jurisdictional Groups 2 & 3 of the Santa Monica Bay Watershed, authorize the City Manager to enter into a Memorandum of Agreement No. 5010, approved in form by the City Attorney, between The South Bay Cities Council of Governments (SBCCOG), the Cities of Los Angeles, El Segundo, Hawthorne,

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Carson, Lawndale, Lomita and Inglewood, the Los Angeles County Flood Control District, and the County of Los Angeles for $70,065.00 for administration and cost sharing for development of a Coordinated Integrated Monitoring Program (CIMP) for the Dominguez Channel Watershed. (Fiscal Impact: $120,543.00 in FY 15/16 and $53,913.00 in FY 16/17)

9. Receive and file the report regarding emergency work to repair dwelling units at the Park Vista Senior Housing Facility due to water intrusion without the need for bidding in accordance with Public Contracts Code §§ 20168 and 22050 and El Segundo Municipal Code ("ESMC")§ 1-7-12 and 1-7A-4. (Fiscal Impact: $50,000.00)

10. PULLED BY MAYOR FUENTES

11. Authorize the City Manager to execute a Fifth Amendment No. 4133E, to a Professional Services Agreement with Michael Baker International, Inc. for environmental review services, in a form approved by the City Attorney, in an amount not to exceed $663,173.47 to provide environmental review services required by the California Environmental Quality Act (CEQA) for the Raytheon El Segundo South Campus Specific Plan Project. (Fiscal Impact: Up to $663,173.47 Developer Reimbursed Trust Fund)

MOTION by Council Member Fellhauer, SECONDED by Council Member Atkinson to approve Consent Agenda items 3, 4, 5, 6, 7, 8, 9, and 11. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

PULLED ITEM:

10. Consideration and possible action to 1) waive the bidding process for Joslyn Center Refurbishment/Modernization Project and 2) award a standard Public Works Contract to Excelsior Elevator to complete the required work. PW 16-19 (Fiscal Impact: $95,000.00)

Stephanie Katsouleas, Public Works Director, answered Council questions.

Representative from Excelsior Elevator answered Council questions.

MOTION by Mayor Fuentes, SECONDED by Council Member Atkinson, to waive the bidding process for refurbishment based on the "no competitive advantage" exemption to Public Contract No. 5011 Code bid requirements for the Joslyn Center Refurbishment/Modernization Project; 2) Award a standard Public Works contract in the amount of $85,582.00 to Excelsior Elevator to complete the required work; 3) Authorize an additional contingency of $9,418.00
F. NEW BUSINESS

12. Consideration and possible action to approve and adopt the updated Investment Policy, which has been revised to include an updated list of Authorized Investments, with City of El Segundo-imposed Restrictions, and add Benchmarks to compare Portfolio performance. (Fiscal Impact: None)

Crista Binder, City Treasurer, introduced and presented the item.

MOTION by Council Member Fellhauer, SECONDED by Council Member Atkinson to adopt Resolution No. XXX updating Investment Policy which has been revised to include and updated list of Authorized Investments, with City imposed restrictions and add benchmarks to compare portfolio performance. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

REPORTS – CITY MANAGER – Thanked staff for the refurbishment of the Council Chamber.

REPORTS – CITY ATTORNEY - None

REPORTS – CITY CLERK - None

REPORTS – CITY TREASURER – Presentation under New Business

REPORTS – CITY COUNCIL MEMBERS

Council Member Fellhauer – Thanked staff for the updated Council Chamber.

Council Member Atkinson – Thanked staff for the updated Council Chamber

Council Member Dugan – None

Mayor Pro Tem Jacobson – None

Mayor Fuentes – Honored to greet the Taiwan President and attended a banquet in his honor, Mayor Fuentes was invited by State Senator, Ben Allen, invited by Assembly Member David Hadley, to be on the Aerospace Advisory Committee, thanked Char Franklin, Embassy Suites for welcoming the EDAC to her guest reception, attended the City of Hawthorne’s State of the City Address, attended the Good Friday Breakfast and thanked the Rotary, Chamber of Commerce and a special thank you to Logan Hansen, the speaker, attended the ROAD meeting, with Chief Donovan and Greg Carpenter, attended a tour of Northrop Grumman and attended the L.A. County Mayor’s Regional Summit to Combat Homelessness and mentioned El Segundo’s State of the City address is scheduled for Wednesday, April 6, 2016 at the Los Angeles Air Force Base.

13. Consideration and possible action to direct staff to return with a report on the impact of the changes to the city’s ambulance transport fee policy. (Fiscal Impact: None)
Greg Carpenter, City Manager, introduced the item.

Council Discussion

Council Consensus to direct staff to initiate the study and provide a report on the impact of the changes to the City’s ambulance transport fee policy.

1. (Special Meeting/Opened in conjunction with Regular Meeting)
   Consideration and possible action to authorize the Mayor to enter into a Memorandum of Understanding (MOU) No. 5012 that designates the Mayor as a member of the Leadership Committee of the Los Angeles Air Force Base Community Partnership (LACP).
   (Fiscal Impact: None)

Mayor Fuentes, introduced and presented the item.

Council Discussion

MOTION by Mayor Pro Tem, SECONDED by Council Member Fellhauer to authorize the Mayor to enter into the Memorandum of Understanding that designates the Mayor as a member of the Leadership Committee of the Los Angeles Air Force Base Community Partnership (LACP). MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total.
Mike Robbins, resident, commented on benefits for Council Members and commented on Top Golf.
Loretta Frye, resident, commented on the Joslyn Center Elevator and thanked Council Member Atkinson for his swift movement on the elevator situation, commented on the Fire transport fees and Mike Dugan working on the issue and commented on the Wiseburn School/Da Vinci pool.

Council commented on items from Public Communications.

MEMORIALS – None

ADJOURNMENT at 9:03 PM

Mona Shilling, Acting Deputy City Clerk II
AGENDA DESCRIPTION:
Consideration and possible action regarding Adoption of 1) a Resolution amending Chapter 1A2 of the Administrative Code providing benefit changes to employees of the Executive and Management-Confidential series; 2) Resolutions updating the employer’s contribution under the Public Employees’ Medical and Hospital Care Act for the El Segundo Executive Management Group, Management/Confidential Group, Supervisory and Professional Employees’ Association (SPEA), and Police Managers’ Association (PMA) and 3) a Resolution for Employer Paid Member Contributions (EPMC) for Management-Confidential. (Fiscal Impact: FY 15-16: $70,600; FY 16-17: $372,400)

RECOMMENDED COUNCIL ACTION:
1) Adopt the attached resolutions
2) Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1) Resolution Amending Chapter 1A2 of the Administrative Code
2) Resolution for Employer Paid Member Contribution for Management-Confidential
3) Resolution Updating the Employer’s contribution under the Public Employees’ Medical and Hospital Care Act.

FISCAL IMPACT:
Amount Budgeted:
Additional Appropriation:
Account Number(s): N/A

ORIGINATED BY: Greg Carpenter, City Manager

REVIEWED BY:
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
At its meeting on December 15, 2015, Council approved salary and benefit changes to several employee groups resulting from a settlement agreement between the City and the California Public Employees’ Retirement System (“CalPERS”) in order to resolve the Additional Pay issue. The changes approved by Council, and memorialized in Side Letters with the bargaining units, included establishing the medical contribution at the PEMHCA minimum, which is $125/month for calendar year 2016.

The City files with CalPERS Resolutions reflecting changes in the City’s contribution for employees and annuitants under the Public Employees’ Medical and Hospital Care Act (PEMHCA). Attached, for Council approval, are Resolutions establishing the PEMHCA
minimum contribution for bargaining units SPEA and PMA, in accordance with the agreed-upon Side Letters.

Changes to Executive and Management-Confidential Benefits

In 2014, Council contracted with Cooperative Personnel Services (CPS) to conduct a total compensation survey of employee groups including Executive and Management-Confidential classes. The final report issued on January 14, 2015, showed that Executive and Management-Confidential miscellaneous classifications were below market while safety classifications were above market. As a result, Council has made changes to the salary and benefit structure of these classifications in an attempt to bring them closer to the market. Changes have included the following:

- Elimination of 5% Deferred Compensation Match for Executives and 4% Deferred Compensation Match for Management-Confidential.
- Base salary increases of 8% for Executive and Management-Confidential miscellaneous classes and 4% for Battalion Chiefs. No increases were given to the Police or Fire Chief.
- PERS Retirement Share – Battalion Chiefs increased their PERS Member Share by 5% in order to pay their full 9% Member Share. Management-Confidential employees increased their share from 3% to 5% (City pays remaining 2% as EPMC).
- Fire Chief base salary range was adjusted downward to create a more appropriate differential between this salary range and the City Manager’s salary.
- Additional Pay Resolution approved by Council on December 15, 2015, resulted in a monthly medical contribution for the unrepresented employees of $125, which represents the PEMHCA minimum for calendar year 2016.

Staff asked CPS to update the compensation data for the Executive classifications earlier this year. The preliminary report shows that while some ground has been made, the City’s total compensation for Executive miscellaneous classes is 14.45% below the labor market median and 14.96% below the labor market mean.\(^1\) The data shows Executive safety classes are 3.84% above the labor market median and 3.92% above the labor market mean. While we did not obtain total compensation data for the Management-Confidential classes, previous data indicated on average, the miscellaneous benchmark classes were 9.8% below the labor market median and 13.1% below the labor market mean.

In order to continue the City’s goal of moving these classifications closer to the market, staff recommends the following changes be made to the medical benefit:

**Executives** – increase the current PEMHCA minimum of $125/month to $782/month, to become effective June 1, 2016. This amount will be the monthly medical contribution reported to PERS (PEMHCA contribution) and represents a significant decrease from the previously reported amount of $1200/month, which should help the City reduce its future OPEB liability and contain costs associated with this benefit.

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\(^1\) January 14, 2015 CPS report showed Executive miscellaneous were 19.5% below median and 19.6% below mean. Data excludes the City and County of Los Angeles.
Additionally, staff recommends that effective October 1, 2016, for Executive miscellaneous classes only, an additional amount of $493.33 be placed in a "flex dollar" Plan to be used by employees to pay for medical expenses or for other permitted uses such as for their 457 Deferred Compensation account. Creating this separate "flex dollar" plan does not contribute to the City’s OPEB liability but does provide employees with additional dollars to pay for their medical benefit. If approved, staff can begin working with our benefits broker to put this Plan in place by the designated date.

This arrangement is also a step toward creating a second tier with respect to the retiree medical benefit. To further elaborate, Council had previously approved, as part of the Additional Pay resolution, to allow current incumbents in these positions to be eligible for the previous $1200 retiree medical cap through a combination of the PEMHCA contribution and a retiree health reimbursement account (HRA). In an effort to incentivize the workforce to take on higher level positions within the organization, staff recommends that this same retiree medical benefit (PEMHCA + HRA) be offered upon retirement to employees who are employed by the City prior to June 1, 2016 and subsequently promote into a position in these affected groups. The second retiree medical tier will apply to new employees hired on or after June 1, 2016, as they will only be eligible to receive, upon retirement, the PEMHCA contribution in place without the HRA.

Management-Confidential – Similar to the adjustment for Executives, staff recommends increasing the PEMHCA contribution from $125/month to $585/month, also effective June 1, 2016. Additionally, effective October 1, 2016, staff recommends providing an additional amount of $345.30 as "flex dollars" to Management/Confidential miscellaneous employees under the same "flex dollar" concept previously described.

EPMC - Management-Confidential miscellaneous employees have yet to pay their full 7% PERS Member Share. Staff recommends increasing their share from the current 5% to 7%, thereby reducing the City’s EPMC to 0%. Changes to EPMC can only occur at the start of a pay period so it is recommended that this become effective the pay period beginning on June 11, 2016. Attached to this Staff Report is the required Resolution for Council approval.

Summary - The above benefit adjustments intend to address the total compensation for the unrepresented miscellaneous classes, relative to their position in the market. In this instance, the focus is on the medical benefit. Staff has come up with recommendations that provide 1) a competitive medical benefit to enhance our recruitment efforts 2) an incentive for upward mobility by extending a retiree medical benefit to current employees, and 3) a second retiree medical tier to reduce the City’s future OPEB liability. We believe staff’s recommendations achieve the goal of bringing total compensation closer to the market and balances our desire to remain competitive while controlling employee benefit costs.
RESOLUTION NO.________

A RESOLUTION PROVIDING FOR SALARY AND BENEFIT CHANGES TO CHAPTER 1A2 (MANAGEMENT-CONFIDENTIAL SERIES) OF THE EL SEGUNDO ADMINISTRATIVE CODE.

The City Council of the City of El Segundo does resolve as follows:

Section 1: Section 1A2.106, of the El Segundo Administrative Code re-entitled "Insurance Benefits – Employee Dental/Optical/Long Term Disability (Non-Job Related)/Monthly Medical Contribution" is amended as follows:

(D) Monthly Medical Contribution: Effective June 1, 2016, the City will pay on behalf of each active employee the monthly PEMHCA medical contribution amount of $782 for Executives and $585 for Management-Confidential employees.

Effective October 1, 2016, active miscellaneous employees regulated by this Chapter shall receive a monthly flex dollar allowance, in addition to the PEMHCA contribution, to be used for payment of medical premiums or for other permitted uses under the Plan. The flex dollars shall be in the following amounts (exclusive of the PEMHCA contribution):

- Executives: $493.33/month
- Management-Confidential: $345.30/month

Section 2: Section 1A2.108 of the El Segundo Administrative Code, entitled “Insurance Benefits – Retiree Medical – City Contribution” is amended as follows:

City employees hired before June 1, 2016 who are subsequently appointed to a position regulated by this Chapter, shall be eligible for a monthly retiree health contribution of up to $1200. The monthly retiree health contribution will consist of the PEMHCA contribution amount filed by the City with CalPERS supplemented by a City contribution to a healthcare reimbursement account. The amount of the healthcare reimbursement supplement shall be no more than the amount necessary to cover the health insurance premium cost for the employee and eligible dependent(s) for the selected CalPERS health plan, but in no event shall the total amount of the monthly contribution (PEMHCA contribution + healthcare reimbursement account) exceed $1200 per month.

Employees who are hired by the City on or after June 1, 2016 and appointed to a position regulated by this Chapter, shall only be eligible for a retiree medical benefit up to the PEMHCA contribution amount filed by the City with CalPERS.

Section 3: Section 1A2.153, of the El Segundo Administrative Code entitled “PERS Member Contribution” is amended as follows:

Miscellaneous Executives shall pay seven percent (7%) of the PERS Member Contribution effective October 8, 2011. Safety Executives shall pay nine percent (9%) of the PERS Members Contribution effective January 9, 2016. Effective June 11, 2016, Management-Confidential employees shall pay seven percent (7%) of the PERS Member Contribution and effective January 9, 2016, Fire Management employees (Battalion Chiefs) shall pay nine percent (9%) of the PERS Member Contribution.
Section 4: The City Clerk is directed to certify the adoption of this Resolution; record this Resolution in the book of the City’s original resolutions, and make a minute of this adoption of the Resolution in the City Council’s records and the minutes of this meeting.

Section 5: This Resolution will become effective immediately upon adoption and

PASSED AND ADOPTED this 19th day of April, 2016.

Suzanne Fuentes,  
Mayor
CERTIFICATION

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF EL SEGUNDO

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Resolution No. _____ was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 19th day of April 2016, and the same was so passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this _____ day of __________, 2016.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: ____________________________________________
Karl H. Berger
Assistant City Attorney
RESOLUTION NO._____

A RESOLUTION FOR EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE CITY OF EL SEGUNDO'S MANAGEMENT AND CONFIDENTIAL EMPLOYEES

The City Council of the City of El Segundo does resolve as follows:

Section 1: The City Council finds and declares as follows:

A. The City Council of the City of El Segundo has the authority to implement Government Code Section 20691;

B. The City of El Segundo has a written labor policy or agreement which specifically provides for the normal member contributions to not be paid by the employer;

C. One of the steps in the procedures to implement Section 20691 is the adoption by the City Council of the City of El Segundo of a Resolution to commence said Employer Paid Member Contributions (EPMC);

D. The City Council of the City of El Segundo has identified the following conditions for the purpose of its election to pay EPMC:

- This benefit shall apply to all “Classic” employees of the Management/Confidential Group (See attached Exhibit A).
- This benefit shall consist of Employer paying 0% of the normal member contributions as EPMC
- The Employee will pay 7% of the normal member contributions
- The effective date of this Resolution shall be the pay period beginning June 11, 2016.

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of El Segundo elects to pay EPMC, as set forth above.

Section 2: The City Clerk is directed to certify the adoption of this Resolution; record this Resolution in the book of the City’s original resolutions; and make a minute of the adoption of the Resolution in the City Council’s records and the minutes of this meeting.

Section 3: This Resolution will become effective immediately upon adoption.
PASSED AND ADOPTED this 19th day of April, 2016.

Suzanne Fuentes,
Mayor

CERTIFICATION

STATE OF CALIFORNIA   )
COUNTY OF LOS ANGELES )   SS
CITY OF EL SEGUNDO    )

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Resolution No. ______ was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 19th day of April, 2016, and the same was so passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 19th day of April, 2015.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: ____________________________
   Karl H. Berger
   Assistant City Attorney
EXHIBIT A
Management/Confidential Group
List of Classifications

Accounting Manager
Assistant City Engineer
Budget and Payroll Supervisor
Building Safety Manager
City Engineer
Community Cable Program Manager
Deputy City Clerk I
Deputy City Clerk II
Deputy City Treasurer II
Economic Development Manager
Executive Assistant
Fiscal Services Manager
General Services Manager
Human Resources Analyst
Human Resources Assistant
Human Resources Manager
Information Systems Manager
Librarian II
Management Analyst
Park Maintenance Superintendent
Payroll Accountant
Planning Manager
Principal Civil Engineer
Recreation Superintendent
Residential Sound Insulation Manager
Revenue Manager
Senior Civil Engineer
Senior Executive Assistant
Senior Human Resources Analyst
Senior Librarian
Senior Management Analyst
RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) City of El Segundo is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the “Act”) for participation by members of El Segundo Executive Management (006) and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of $782 per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) City of El Segundo has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of City of El Segundo shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that City of El Segundo would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, The City Clerk to file with the Board a verified copy of this resolution, and to perform on behalf of City of El Segundo all functions required of it under the Act.

Adopted at a regular meeting of the City Council at El Segundo, this 19th day of April, 2016.

Suzanne Fuentes
Mayor
CERTIFICATION

STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CITY OF EL SEGUNDO

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Resolution No. ______ was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 19th day of April, 2016, and the same was so passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 19th day of April, 2016.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: ______________________
Karl H. Berger
Assistant City Attorney
RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS,  (1) City of El Segundo is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”) for participation by members of El Segundo Mid-Management/Confidential (001) and

WHEREAS,  (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS,  (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED,  (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of $585.00 per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED,  (b) City of El Segundo has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED,  (c) That the participation of the employees and annuitants of City of El Segundo shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that City of El Segundo would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED,  (d) That the executive body appoint and direct, and it does hereby appoint and direct, The City Clerk to file with the Board a verified copy of this resolution, and to perform on behalf of City of El Segundo all functions required of it under the Act.

Adopted at a regular meeting of the City Council at El Segundo, this 19th day of April, 2016.

Suzanne Fuentes
Mayor

36
CERTIFICATION

STATE OF CALIFORNIA )
COUNTY OF LOS ANGELES ) SS
CITY OF EL SEGUNDO )

I, Tracy Weaver, City Clerk of the City of El Segundo, California, do hereby certify that the whole number of members of the City Council of said City is five; that the foregoing Resolution No. ______ was duly passed and adopted by said City Council, approved and signed by the Mayor, and attested to by the City Clerk, all at a regular meeting of said Council held on the 19th day of April, 2016, and the same was so passed and adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 19th day of April, 2016.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By:_____________________
   Karl H. Berger
   Assistant City Attorney
RESOLUTION NO. Number

FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS UNDER THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) City of El Segundo is a contracting agency under Government Code Section 22920 and subject to the Public Employees’ Medical and Hospital Care Act (the “Act”) for participation by members of El Segundo Supervisory and Professional Employees’ Association (005) and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) City of El Segundo has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of City of El Segundo shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that City of El Segundo would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, The City Clerk to file with the Board a verified copy of this resolution, and to perform on behalf of City of El Segundo all functions required of it under the Act.

Adopted at a regular meeting of the City Council at El Segundo, this 19th day of April, 2016.

____________________________
Suzanne Fuentes
Mayor
CERTIFICATION

STATE OF CALIFORNIA )
COUNTY OF LOS ANGELES ) SS
CITY OF EL SEGUNDO )

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AYES:
NOES:
ABSENT:
ABSTAIN:
NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 19th day of April, 2016.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: ______________________
    Karl H. Berger
    Assistant City Attorney
RESOLUTION NO. Number
FIXING THE EMPLOYER CONTRIBUTION AT AN EQUAL AMOUNT FOR EMPLOYEES AND ANNUITANTS
UNDER THE PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
WITH RESPECT TO A RECOGNIZED EMPLOYEE ORGANIZATION

WHEREAS, (1) City of El Segundo is a contracting agency under Government Code Section 22920 and subject to the Public Employees' Medical and Hospital Care Act (the “Act”) for participation by members of El Segundo Police Manager’s Association (007) and

WHEREAS, (2) Government Code Section 22892(a) provides that a contracting agency subject to Act shall fix the amount of the employer contribution by resolution; and

WHEREAS, (3) Government Code Section 22892(b) provides that the employer contribution shall be an equal amount for both employees and annuitants, but may not be less than the amount prescribed by Section 22892(b) of the Act; and

RESOLVED, (a) That the employer contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan up to a maximum of the PEMHCA Minimum per month, plus administrative fees and Contingency Reserve Fund assessments; and be it further

RESOLVED, (b) City of El Segundo has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above; and be it further

RESOLVED, (c) That the participation of the employees and annuitants of City of El Segundo shall be subject to determination of its status as an “agency or instrumentality of the state or political subdivision of a State” that is eligible to participate in a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, upon publication of final Regulations pursuant to such Section. If it is determined that City of El Segundo would not qualify as an agency or instrumentality of the state or political subdivision of a State under such final Regulations, CalPERS may be obligated, and reserves the right to terminate the health coverage of all participants of the employer.

RESOLVED, (d) That the executive body appoint and direct, and it does hereby appoint and direct, The City Clerk to file with the Board a verified copy of this resolution, and to perform on behalf of City of El Segundo all functions required of it under the Act.

Adopted at a regular meeting of the City Council at El Segundo, this 19th day of April, 2016.

Suzanne Fuentes
Mayor
CERTIFICATION

STATE OF CALIFORNIA )
COUNTY OF LOS ANGELES ) SS
CITY OF EL SEGUNDO )

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AYES:

NOES:

ABSENT:

ABSTAIN:

NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 19th day of April, 2016.

Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)

APPROVED AS TO FORM:
Mark D. Hensley, City Attorney

By: __________________________
    Karl H. Berger
    Assistant City Attorney
EL SEGUNDO CITY COUNCIL
AGENDA STATEMENT

MEETING DATE: April 19, 2016
AGENDA HEADING: Consent Agenda

AGENDA DESCRIPTION:
Consideration and possible action regarding authorization for the Police Department to hire a full-time benefited Police Service Officer by consolidating funds from two part-time and one full-time non-benefited positions. (Fiscal Impact: Not to exceed $106,000)

RECOMMENDED COUNCIL ACTION:
1) Authorize the Police Department to hire one full-time benefited Police Service Officer to increase authorized staffing by one.

2) Authorize the Police Department to consolidate salary and benefits funding from (1) Office Specialist 1 and (2) part-time Police Service Officers to fund the additional PSO.

3) Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:

FISCAL IMPACT: $106,000

Amount Budgeted: $106,000 – Salary and Benefits
Additional Appropriation: N/A
Account Number(s): 001-400-3101-4100

ORIGINATED BY: Raymond Garcia, Lieutenant
REVIEWED BY: Mitch Tavera, Chief of Police
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
Due to budget constraints and staff reductions, the Police Department has had to implement interim measures to operate the City’s Type I jail facility.

Further, the Police Department must comply with the State of California Code of Regulations, Title 15, which governs jail operations. By mandate, our organization is required to have a trained female matron on-duty and available at all times when a female subject is housed in the jail facility.

These requirements and lack of full-time Police Service Officers has necessitated the following:

- Modified/compressed work schedules.
- Utilization of Part-Time female employees from ESPD and outside agencies
- The need to mandate graveyard/weekend shifts to our female staff.
- Forced and mandated overtime.
- Booking and housing female arrestees at neighboring jail facilities.
Additionally, these requirements have caused officers to simply release female violators in the field with a citation in lieu of arrest.

These measures are not conducive to the efficient and effective operation of the facility and it is now time to consider longer-term in-house jail operations with the restoration of a full-time employee.

To fund the requested full-time position, staff recommends the salary and benefits from the following budgeted positions be consolidated and those positions eliminated:

<table>
<thead>
<tr>
<th>Position</th>
<th>Status</th>
<th>Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Specialist 1</td>
<td>(full-time non-benefited)</td>
<td>$66,480</td>
</tr>
<tr>
<td>Police Service Officer</td>
<td>(part-time)</td>
<td>$24,677</td>
</tr>
<tr>
<td>Police Service Officer</td>
<td>(part-time)</td>
<td>$14,998</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$106,155 total</strong></td>
</tr>
</tbody>
</table>

Comparative cost for this requested position:

- Full-Time PSO (Recently resigned) **$93,169 total compensation**

Due to the critical functions performed by Police Service Officers which include Jail operations, Court Liaison functions, and Animal Control duties, it is anticipated the Police Department will return to City Council during the upcoming budgetary strategic planning session to request an additional PSO position to better provide these services to the community and the Department.

*The above compensation figures come from the Finance Department’s FY 2015/2016 Salary and Benefits Report for PD and IS.*
EL SEGUNDO CITY COUNCIL

AGENDA STATEMENT

MEETING DATE: April 19, 2016
AGENDA HEADING: Consent Agenda

AGENDA DESCRIPTION:

Consideration and possible action to adopt a Resolution approving Plans and Specifications for City-wide Catch Basin Screen Installation, Project No. PW16-12. (Fiscal Impact: $68,000.00)

RECOMMENDED COUNCIL ACTION:

1. Adopt the attached Resolution approving Plans and Specifications for City-wide Catch Basin Screen Installation Project (Project No. PW16-12).
2. Alternatively, discuss and take other possible actions related to this item.

ATTACHED SUPPORTING DOCUMENTS:

Resolution

FISCAL IMPACT: Included in Adopted FY 15-16 Budget

Amount Budgeted: $68,000.00
Additional Appropriation: N/A
Account Number(s): 001-400-4302-6215 (Storm Drain Repair and Maintenance Fund)

ORIGINATED BY: Arianne Bola, Senior Engineer Associate
REVIEWED BY: Stephanie Katsouleas, Public Works Director
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:

On November 8, 2012, the Los Angeles Regional Water Quality Control Board (LARWQCB) adopted a revised Storm Water National Pollution Discharge Elimination System Permit (also called Storm Water MS4 Permit) to 87 cities in Los Angeles County, with an effective date of December 28, 2012. This new Storm Water Permit contains a variety of new provisions, including the incorporation of many new Total Maximum Daily Load (TMDL) limits for the Los Angeles Region’s waterbodies. A TMDL is essentially the maximum amount of a particular pollutant that can be discharged to a water body without impairing its designated beneficial uses (e.g., swimming, fishing, agriculture, habitat, drinking water supply, navigation).

One such TMDL is the Santa Monica Bay Nearshore and Offshore Debris Maximum Daily Limit (MDL). This “trash” TMDL requires Cities that discharge directly to Santa Monica Bay to reduce storm water trash/debris water to zero (0) by 2020 (20% additional reduction each year over the next five years). As one approach toward achieving full compliance, staff is recommending the installation of excluder screens on high priority catch basins throughout the City, which will prevent a significant trash/debris from entering the storm drain system. These excluder screens further compliment the City’s existing non-structural activities such as increased street sweeping and public education. The catch basin excluder screen project will continue annually (and strategically) for the City’s 370 city-owned and 206 county-owned catch
basins until El Segundo achieves the required 100% trash loading reduction. Please note that: 1) not all catch basins will need to be retrofitted, 2) staff will continue investigating other trash capture/diversion structural options toward achieving full compliance using the most economical and practical approaches available, and 3) the City is required to document its progress towards the meeting the TMDLs requirements in its NPDES annual report.

During this first cycle, we plan to initially install between 50 and 100 excluder screens at high priority City-and County-owned catch basins that drain to the Santa Monica Bay watershed area, with an overall goal of achieving a 40% trash load reduction by the end of 2016. The storm drains and catch basins selected as high priority are the ones that typically receive the most trash, as documented during our annual cleanout efforts.

Funding in the amount of $68,000 is available from the Storm Drain Repair and Maintenance Fund for the City-wide Catch Basin Screen Installation project. Therefore, staff recommends that City Council approve a resolution adopting plans and specifications for the project and authorize staff to advertise for receipt of construction bids. Construction is anticipated to commence in July and to be completed by September 2016.

Staff estimates the following timeline for the project:

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>April, 2016</td>
<td>Advertise the Project</td>
</tr>
<tr>
<td>June, 2016</td>
<td>Project Award by City Council</td>
</tr>
<tr>
<td>July, 2016</td>
<td>Start Construction</td>
</tr>
<tr>
<td>September, 2016</td>
<td>Complete Construction</td>
</tr>
</tbody>
</table>
RESOLUTION NO. _____

A RESOLUTION APPROVING THE DESIGN AND PLANS FOR THE CONSTRUCTION OF THE CITY-WIDE CATCH BASIN SCREEN INSTALLATION PROJECT PURSUANT TO GOVERNMENT CODE SECTION 830.6 AND ESTABLISHING A PROJECT PAYMENT ACCOUNT.

The City Council of the City of El Segundo does resolve as follows:

SECTION 1: The City Council finds and declares as follows:

A. The City Engineer prepared specifications and plans requesting Construction of the City-wide Catch Basin Screen Installation Project (the “Project”). These plans are complete. Bidding for construction of the Project may begin;

B. The City Council wishes to obtain the immunities set forth in Government Code § 830.6 with regard to the plans and construction of the Project.

SECTION 2: Design Immunity; Authorization.

A. The design and plans for the Project are determined to be consistent with the City’s standards and are approved.

B. The design approval set forth in this Resolution occurred before actual work on the Project construction commenced.

C. The approval granted by this Resolution conforms with the City’s General Plan.

D. The City Engineer, or designee, is authorized to act on the City’s behalf in approving any alterations or modifications of the design and plans approved by this Resolution.

E. The approval and authorization granted by this Resolution is intended to avail the City of the immunities set forth in Government Code § 830.6.

SECTION 3: Project Payment Account. For purposes of the Contract Documents administering the Project, the City Council directs the City Manager, or designee, to establish a fund containing sufficient monies from the current fiscal year budget to pay for the Project (“Project Payment Account”) following receipt of construction bids. The Project Payment Account will be the sole source of funds available for the Contract Sum, as defined in the Contract Document administering the Project.

SECTION 4: The City Clerk is directed to certify the adoption of this Resolution.
Sec. 6.150.020. This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED this ___ day of _____________, 20__.

______________________________
Suzanne Fuentes, Mayor

ATTEST:

______________________________
Tracy Weaver, City Clerk

APPROVED AS TO FORM:

By: ____________________________
MARK D. HENSLEY, City Attorney
AGENDA DESCRIPTION:

Consideration and possible action to receive and file this report regarding emergency work to repair dwelling units at the Park Vista Senior Housing Facility due to water intrusion without the need for bidding in accordance with Public Contracts Code §§ 20168 and 22050 and El Segundo Municipal Code ("ESMC")§ 1-7-12 and 1-7A-4. (Fiscal Impact: $50,000.00)

RECOMMENDED COUNCIL ACTION:

(1) Receive and file this report regarding emergency work to repair dwelling units at the Park Vista Senior Housing Facility due to water intrusion without the need for bidding in accordance with Public Contracts Code §§ 20168 and 22050 and El Segundo Municipal Code ("ESMC")§ 1-7-12 and 1-7A-4.

(2) Alternatively, discuss and take other possible action related to this item.

ATTACHED SUPPORTING DOCUMENTS:

None

FISCAL IMPACT: Included in Adopted Budget

<table>
<thead>
<tr>
<th>Amount Budgeted:</th>
<th>$50,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Appropriation:</td>
<td>No</td>
</tr>
<tr>
<td>Account Number(s):</td>
<td>405-400-0000-6215 (Facilities Maintenance: Repairs and Maintenance)</td>
</tr>
</tbody>
</table>

ORIGINATED BY: Stephanie Katsouleas, Director of Public Works

REVIEWED BY: Gregg Kovacevich, Assistant City Attorney

APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:

Construction to replace three sliding glass doors has been completed. Work commenced on April 4, 2016 on the deck modifications such that the deck slopes are improved, which will better direct flow from the sliding glass doors to the floor drains. Unforeseen conditions were discovered on the deck connected to unit 219. It appears that prior deck modifications were attempted years ago to address ponding and the slope, but addressed incorrectly. In addition to discovering additional layers of decking, the contractor discovered trapped water and a significant amount of wood rot, as well as poorly installed flashing. This work will need to be corrected before the new deck coating can be applied. As of the timing of this staff report, staff did not have an estimate for the timing to complete that work. The work occurring at the other two units is proceeding according to plan and is expected to take approximately three weeks to complete due to stripping the existing deck surfaces off and product cure times of the new deck surface that will be installed.
Public Contracts Code § 22050 (c) requires that the City Council receive updates at every regularly scheduled meeting until the emergency repair is completed. Therefore, staff recommends that City Council receive and file this report on the status of the emergency repair to address the water intrusion issues at the Park Vista Senior Housing Facility.
AGENDA DESCRIPTION:
Consideration and possible action to authorize the City Manager to execute an amendment and extend the professional services agreement with Prosum Tech Services in an amount not-to-exceed $100,000 for helpdesk and technical support for the Information Systems division (Fiscal Impact: $100,000)

RECOMMENDED COUNCIL ACTION:
(1) Authorize the City Manager to execute an amendment to extend the professional services agreement with Prosum Technology Services in the amount not-to-exceed $100,000 to provide helpdesk and technical support for the Information Systems division.
(2) Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
Scope of Work

FISCAL IMPACT: Included in Adopted Budget

<table>
<thead>
<tr>
<th>Amount Budgeted:</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Appropriation:</td>
<td>No</td>
</tr>
<tr>
<td>Account Number(s):</td>
<td>001-400-2505-4XXX Salary Savings</td>
</tr>
</tbody>
</table>

ORIGINATED BY: Scott Kim, Acting Information Systems Manager
REVIEWED BY: Mitch Tavera, Chief of Police
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
Information Systems staff currently has three unfilled vacant positions. With these vacancies, the existing Network Assistant is receiving more work than can be accomplished. Staff would like to use the salary savings from the vacant positions to continue the existing contracted services to augment our workforce on a temporary basis.

Staff has a working relationship with Prosum Technology Services, a local El Segundo company, to provide information technology services. Prosum Technology Services currently provides a Helpdesk Contractor, who has been very valuable and beneficial to the City.

Staff recommends authorizing the City Manager to execute an amendment with Prosum Technology Services in an amount not-to-exceed $100,000. This amendment will extend our helpdesk and technical service support agreement for twelve additional months.
City of El Segundo

Technical Support

Statement of Work

4/13/16

PROSUM

This addendum is incorporated into the Master Services Agreement dated June 25, 2013 between City of El Segundo and Prosum, Inc.

Prosum Technology Services
2201 Park Place, Suite 102
El Segundo, CA 90245

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7. Change Order .............................................................. 5
8. ACCEPTANCE .............................................................. 6
1. OVERVIEW

City of El Segundo has requested Prosum's assistance in providing a Technical Support resource on a Time & Material basis for 42 weeks consulting engagement under the fully executed IT Services Agreement executed between City of El Segundo and Prosum.

This following Statement of Work, made in accordance with the terms of the IT Services Agreement, outlines the scope and estimated costs associated with this resource.

2. PROSUM PROFILE

Prosum, Inc. (Prosum) is a technology services company that builds lasting partnerships by giving our clients a competitive advantage in their marketplace through a unique combination of Business Consulting, Technology Solutions, Outsourcing and Resource Staffing. Prosum brings years of experience in providing enterprise infrastructure and managed support services utilizing proven and emerging Microsoft technologies as well as proven experience in delivering project based solutions on time and on budget.

Prosum's consulting approach is based on the realization that business processes and their supporting applications and systems can only be fully understood, implemented, supported and improved by understanding their interdependencies. Our holistic approach is driven by understanding and aligning our clients':

- Business Vision and Strategy
- IT Vision and Strategy
- Technical, Enterprise, and Business Architectures
- Service Orientated Operations

At a high-level, the approach is driven by an understanding of how the technical architecture supports the IT services provided to the business. This ensures that all IT service requirements are addressed in a comprehensive and well-planned manner allowing for efficient tactical day-to-day support along with long-term strategic direction for Information Technology as a whole.

April 13, 2016
3. APPROACH AND SCOPE

Prosum will provide a Technical Support Resource who will work in collaboration with City of El Segundo’s team. City of El Segundo will provide the resource with direction on an ongoing basis and will clearly define for him/his role relative to the other members of the City of El Segundo IT team.

It is anticipated that the Prosum resources will be engaged in, but not limited to, the following activities:

- Provide customer support and technical issue resolution via e-mail, phone and other electronic medium
- Provide customer support and technical issue resolution in person as needed
- Identify and correct or advise on product issues in client computer systems.
- Perform timely escalation of support related issues to various departments for further analysis and resolution
- Perform other duties as requested and within areas of expertise

4. ASSUMPTIONS

This statement of work was based on the following assumptions.

- The content of this document is based on a description of desired duties and responsibilities provided by City of El Segundo, as well as discussions between Prosum and City of El Segundo.
- City of El Segundo will assign a Manager to provide direction to the Prosum resource regarding prioritization and scheduling of duties.
- City of El Segundo will provide workspace for Prosum project staff, and access to internet, telephones, copier, fax, conference rooms, and printing facilities.
- Prosum resource will have access to client documentation. This documentation may include organization, planning, and technical architecture material, and any other existing documentation deemed appropriate for the support.
- City of El Segundo will provide Prosum project personnel with access to relevant external and internal systems, as Prosum may require. This includes system access information such as login information, Internet accessibility, and other interfacing systems.
- The Prosum resources will be working in the City of El Segundo offices in El Segundo, California.
5. TEAM MEMBER

The following roles will be provided by Prosum and required for this engagement.

- Technical Support Consultant

6. SCHEDULE AND COST

It is expected that the resource will be engaged for the following period:

<table>
<thead>
<tr>
<th>Position</th>
<th>T&amp;M Rate</th>
<th>No. of Hours</th>
<th>Start Date</th>
<th>Estimated End Date</th>
<th>Extended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Support</td>
<td>$60/hour</td>
<td>1667 hours (42 weeks)</td>
<td>5/5/16</td>
<td>5/5/17</td>
<td>$100,000.00</td>
</tr>
</tbody>
</table>

Prosum bills on a Time & Material basis, and the Not-To-Exceed (NTE) value above is based on information gathered to date. It is expected that this resource will work an average of 40 hours per week during this period at an hourly rate of $60 per hour. Actual hours worked will be determined by requests and direction from the primary City of El Segundo contact. The duration of this SOW is expected for 42 weeks and based on 40 hour weeks for a total cost of $100,000. Prosum will only invoice for the actual number of hours worked.

City of El Segundo may terminate this agreement for convenience or cause with 1 day advanced notice.

City of El Segundo also has the ability to extend this resource beyond NTE Total of $100,000 and 1667 hours with 1 day advanced notice.

7. Change Order

Once the Statement of Work has been signed, any modifications to the scope described herein will require a change order. A change order will define new requirements and may impact on delivery time and cost; however, Prosum will be diligent to minimize such delivery and cost impact to City of El Segundo as a result of such new requirements.
8. ACCEPTANCE

This document will be deemed accepted upon receipt of a signed copy thereof. Contents of this document supersede all other documents related to the services described herein. If this document correctly states our agreement, please sign below and return to Prosum.

Agreed and accepted,

City of El Segundo Authorized Officer

Name: ____________________________

Signature: _________________________

Title: ____________________________

Date: ____________________________

Prosum Authorized Officer

Name: Rick Tyner

Signature: _________________________

Title: VP, Business Development

Date: 4/13/16
AGENDA DESCRIPTION:
Consideration and possible action regarding FY 2015-2016 Midyear Financial Review, consider funding for the Richmond Street Project and the City-wide Sidewalk, Curb and Gutter Restoration Program. (Fiscal Impact: To be Determined)

RECOMMENDED COUNCIL ACTION:
(1) Receive and File FY 2015-16 Midyear Financial Review;
(2) Consider funding for the Richmond Street Rehabilitation Project;
(3) Consider funding for the City-wide Sidewalk, Curb and Gutter Restoration Program; and
(4) Alternatively discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
none

FISCAL IMPACT: To Be Determined
AmountBudgeted: $0
Additional Appropriation: N/A
Account Number(s): None

ORIGINATED BY: Joseph Lillio, Director of Finance
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:

Midyear Financial Review Fiscal Year 2015-2016

Staff has reviewed all revenues and expenditures for midyear Fiscal Year (FY) 2015-16, with an emphasis on the General Fund, to determine if all sources and uses are on target with the originally adopted budget and to highlight any areas that may end the fiscal year significantly above or below budget. As we review the midyear results, the City continues to recover from the economic recession and financial challenges. As of February, the Bureau of Labor and Statistics reports that the state of California’s unemployment rate has gone down from 6.9% to 5.7% when compared to February 2015. Nationwide, the unemployment number was available for the month of March. This number has decreased from 5.5% in March 2015 to 5.0% in March 2016.

The U.S. economy continues to grow at an anemic rate of 1.4% as of the fourth quarter (December 2015) and is anticipated to grow around 2.0% through the end of 2016.
The City’s business and industry sectors provide the majority of sales and use tax and this sector has shown improvement but is still sensitive to the overall economy. Statewide, it is expected that Sales & Use Tax will increase about 3.2% in FY 2015-2016. El Segundo’s increase is estimated at around 3.6%. The City is lagging behind statewide growth in the Food and Drugs and General Consumer Goods sectors.

Property Tax growth within the City is going to remain relatively flat for the current fiscal year. The City will receive the normal 2% CPI growth, but currently has outstanding assessments that potentially erode that growth. The City generally has fewer home sales compared to the surrounding cities. Although this is a very reliable revenue source, its long-term growth averages about 2% per year.

In January 2016, CalPERS released the results of investment earnings of 2.4% for fiscal year ending June 30, 2015. This is well below their target rate of return at 7.5%. This is the return assumed in the pension contribution rate charged to employers. Depending on how FY 2015-16 ends for the CalPERS portfolio, employer rates could increase to cover the lower than anticipated returns. The current and future CalPERS employer pension rates for miscellaneous groups are 17.73% for FY 15-16, 19.07% for FY 2016-17 and 20.4% projected for FY 2017-18. The current and future CalPERS employer pension rates for public safety are 46.595% for FY 15-16, 49.973% for FY 2016-17 and 52.6% projected for FY 2017-18.

Overall, the economy is showing signs of recovery statewide. While we are projecting moderate growth in many City revenues, the concentration of revenues coming from the business and industry sector creates a higher level of volatility in our core tax revenues that is difficult to forecast. These core revenues will be closely observed during the next quarter and staff will be able to better estimate the projected year-end performance.

**General Fund Revenues**

The following is a list of major General Fund revenues and the performance of each source through midyear plus estimates to year-end:

**Table 1: General Fund Revenues**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Unaudited FYE 2014-15</th>
<th>Current Year Through 3/31/2015</th>
<th>Current Year Through 3/31/2016</th>
<th>FY 2015-2016 Adopted Budget</th>
<th>% of Budget Received</th>
<th>FY 2015-2016 Year-end Estimate</th>
<th>Variance Over/ (Under) FY 2015-2016 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business License</td>
<td>10,694,529</td>
<td>10,552,413</td>
<td>10,337,019</td>
<td>11,319,890</td>
<td>91.32%</td>
<td>11,354,890</td>
<td>35,000</td>
</tr>
<tr>
<td>Sales &amp; Use Tax</td>
<td>8,530,162</td>
<td>4,136,151</td>
<td>4,262,388</td>
<td>10,916,100</td>
<td>39.05%</td>
<td>10,516,100</td>
<td>-400,000</td>
</tr>
<tr>
<td>Sales Tax in Lieu</td>
<td>2,907,652</td>
<td>1,453,826</td>
<td>462,040</td>
<td>2,209,300</td>
<td>20.91%</td>
<td>2,235,480</td>
<td>26,180</td>
</tr>
<tr>
<td>Property Tax</td>
<td>6,698,723</td>
<td>3,581,344</td>
<td>3,804,176</td>
<td>6,700,350</td>
<td>56.78%</td>
<td>6,730,350</td>
<td>30,000</td>
</tr>
<tr>
<td>Transient Occupancy (TOT)</td>
<td>5,423,972</td>
<td>2,567,234</td>
<td>2,653,641</td>
<td>6,109,400</td>
<td>43.44%</td>
<td>6,109,400</td>
<td>0</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>6,120,641</td>
<td>2,443,595</td>
<td>2,341,446</td>
<td>4,776,750</td>
<td>49.02%</td>
<td>4,822,750</td>
<td>46,000</td>
</tr>
<tr>
<td>Electric Utility Tax</td>
<td>3,150,652</td>
<td>1,517,615</td>
<td>1,428,047</td>
<td>3,250,000</td>
<td>43.94%</td>
<td>3,250,000</td>
<td>0</td>
</tr>
<tr>
<td>Franchise Tax</td>
<td>3,672,611</td>
<td>184,198</td>
<td>178,009</td>
<td>2,450,000</td>
<td>7.27%</td>
<td>2,650,000</td>
<td>200,000</td>
</tr>
</tbody>
</table>
### Business License Tax

The Business License Tax is the City’s largest General Fund revenue source, accounting for 17.9% of its total estimated revenues net of transfers. The majority of this revenue stream is collected in January and February, and based on the revenues received in the first 6 months of the fiscal year this category is projected to increase by $35,000 compared to the adopted budget. This increase in projected revenues is primarily due to an increase in filming fee revenue. There has been an increase in filming activity in the City this fiscal year. This revenue stream will be closely watched and updated during third quarter projections.

<table>
<thead>
<tr>
<th>FY 2014-15 Unaudited Actual Revenue</th>
<th>$10,694,529</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$11,319,890</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$11,354,890</td>
</tr>
</tbody>
</table>

### Sales & Use Tax

Sales & Use Tax combined is the City’s second largest revenue source, accounting for over 17.2% of the General Fund revenues. Sales and Use Tax receipts for the first six months of the current year were $126,237 higher, up 3% compared to the same period last year. The budget amount is higher than the previous year’s actuals due to the unwinding of the State’s borrowing against the City’s 1% sales tax rate, or also known as the Bradley Burns rate. Since 2004 the State has been taking 0.25% and only submitting 0.75% of the Bradley Burns rate to cities in order to balance the state budget. In order to be made whole, the 0.25% was remitted to cities twice a year (January and May) through the Sales Tax in Lieu, also known as “Triple Flip” program. Beginning in July 2016 cities will receive their full share of the 1% sales tax versus the 0.75% cities have been receiving and the Triple Flip will go away. This is the cause for the large variance in prior year actual to current budget and yearend estimate. The reduction of $400,000 reflected in the yearend estimate is a result of a reduction of sales tax from fuel and service stations due to the lower gasoline prices California has experienced over the last several months. Lower gas prices could continue to have a downward pressure on sales tax into the next year’s budget.
<table>
<thead>
<tr>
<th>Date Range</th>
<th>Actual/Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$8,530,162</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$10,916,100</td>
</tr>
<tr>
<td>FY 2015-16 Year-end Estimate</td>
<td>$10,516,100</td>
</tr>
</tbody>
</table>

**Sales Tax in Lieu** (also known as “triple flip”) is received in two payments each year (January and May) and is calculated as a percentage of the estimated Sales and Use Tax. The triple flip is winding down and will come to end by June 30, 2016. There will be a final true-up payment (3rd payment) within 60 days of June 30, 2016. Moving forward, cities will now be made whole on the Bradley Burns 1.0% sales tax. This revenue is projected to end the year over budget by $26,180 and is expected to be $672,172 less than last year’s actual revenue due to a decline in fuel prices.

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Actual/Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$2,907,652</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$2,209,300</td>
</tr>
<tr>
<td>FY 2015-16 Year-end Estimate</td>
<td>$2,235,480</td>
</tr>
</tbody>
</table>

**Property Tax** is $222,832 higher than the same period last year and is projected to end approximately $30,000 over budget. The City has experienced a net taxable value increase of 6.1% for the 2015-2016 tax roll, which mirrored the increase experienced countywide of 6.1%. The assessed value increase between 2014-15 and 2015-16 was $617 million.

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Actual/Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$6,698,723</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$6,700,350</td>
</tr>
<tr>
<td>FY 2015-16 Yarearend Estimate</td>
<td>$6,730,350</td>
</tr>
</tbody>
</table>

**Transient Occupancy Tax (TOT)** is currently 3.3% or $86,407 above the same period last year, with 43.44% of budget received. This revenue has been rebounding as the economy improves due to increased occupancies and room rates. At this time TOT is projected to be in line with budget. The A Loft Hotel and has been under refurbishment during the first half of the current fiscal year and is projected to be online in May. Staff will continue to monitor and report any changes due to the economic conditions at third quarter and review the scheduled reopening dates for any new hotels.

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Actual/Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$5,423,972</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$6,109,400</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$6,109,400</td>
</tr>
</tbody>
</table>
Charges for Services includes Zoning and Planning fees, Plan Check fees, Plan Retention fees, Energy Plan Check fees, Planning Service fees and Paramedic Transport and have a combined budget of $4,776,750. The City has received $2,341,446 or 49.02% of budget through the second quarter. This is a 4.2% or $102,149 decrease over the same period last year. According to the Planning and Building Safety Department, plan check fees during the 1st two quarters are slightly down compared to the same two quarters last year. However, plan check fees are predicted to come in over budget by $46,000. Staff will continue to closely monitor this category and update the yearend estimate at the end of the third quarter.

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$6,120,641</td>
<td>$4,776,750</td>
<td>$4,822,750</td>
</tr>
</tbody>
</table>

Franchise Tax is another one of the City’s major revenue sources that is always impacted by the price of natural gas. The average price of natural gas for the 2015 calendar year is down approximately 32% compared to calendar year 2014. The annual payments received in April of each year are calculated using the average price of natural gas for the prior calendar year. This revenue is slightly above target when strictly compared to the same period last year at midyear. This year’s annual payments from the two top tax producers are anticipated to be $1 million lower than last year’s payments. This revenue source is projected to exceed estimated revenues by $200,000 due to an increase in the payment from Southern California Edison.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,672,611</td>
<td>$2,450,000</td>
<td>$2,650,000</td>
</tr>
</tbody>
</table>

Electric Utility User’s Tax is 5.9% or $89,568 lower than the same period last year with 43.94% of budget received. It is projected that this revenue source will be in line with budget. This increase over the prior year is primarily due to an increase in user rates. Staff will continue to closely monitor this category and update the yearend estimate at the end of the third quarter.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3,150,652</td>
<td>$3,250,000</td>
<td>$3,250,000</td>
</tr>
</tbody>
</table>

Cogenerated Electric Utility User’s Tax is 38.5% or $266,496 lower than the same period last year with 38.34% of budget received. The revenue source is expected to be $120,000 lower than budget. The Short Run Avoided Cost (SRAC) rate is obtained from Southern California Edison and impacts the amount of cogenerated tax paid to the City. This rate is used to calculate a fair price for energy produced by cogenenerating plants. The SRAC rate is down approximately 2.1%
compared to the same period last year

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
<td>$1,194,979</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$1,290,000</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$1,170,000</td>
</tr>
</tbody>
</table>

**License and Permits** includes animal licensing, various building permits, and street permits. Through the second quarter the City recorded revenues of $1,059,241 or 63.37% of budget. This revenue stream is expected to exceed budgeted revenues by $40,000.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
<td>$2,008,675</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$1,671,400</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$1,711,400</td>
</tr>
</tbody>
</table>

**Gas Utility Tax** is currently at 49.29% of budget revenues. This revenue source continues to be difficult to forecast. This is primarily due to the uncertainty of the local power plant’s production along with the continuous fluctuation of the price of natural gas. This category will be watched closely by focusing on the price of natural gas along with consumption.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
<td>$2,912,199</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$2,400,000</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$2,400,000</td>
</tr>
</tbody>
</table>

**Interest on Investments** for the quarter ending March 31, 2016 is tracking ahead of plan, with $180,567 in General Fund income received year-to-date net of bank fees. This revenue stream is expected to exceed budgeted revenues by $30,000.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
<td>$484,283</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$312,400</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$342,400</td>
</tr>
</tbody>
</table>

The annual **Tax Resolution Agreement (TRA)** payment is based on the prior years’ actual tax revenue received from Chevron and a “true-up” payment paid in the following fiscal year once the actual tax revenues have been reconciled. There is an established annual tax ceiling for Chevron that is increased each year by the CPI-U. FY 14/15 actual Chevron taxes paid to the City ended higher than anticipated therefore the 15/16 payment received was lower than the estimated adopted budget amount.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15</td>
<td>$4,843,034</td>
</tr>
<tr>
<td>FY 2015-16</td>
<td>$5,500,000</td>
</tr>
</tbody>
</table>
Estimated Revenues and Expenditures for Enterprise Funds

Water Utility Enterprise Fund
Revenues in the Water Utility Fund are on track to meet budget at yearend. Expenditures are anticipated to be in line with Budget.

<table>
<thead>
<tr>
<th>Revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$27,965,800</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$29,276,400</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$29,276,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Expenditures</td>
<td>$25,033,059</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$29,176,900</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$29,176,900</td>
</tr>
</tbody>
</table>

Sewer Utility Enterprise Fund
Revenues in the Sewer Utility Fund are 20.5% or $315,571 higher than the same period last year with 52.65% of budget received. The revenue source is expected to be $225,000 higher than budget. Expenditures are anticipated to be in line with Budget.

<table>
<thead>
<tr>
<th>Revenues</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$3,764,500</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$3,515,400</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$3,740,400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Expenditures</td>
<td>$3,276,416</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$8,571,800</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$8,571,800</td>
</tr>
</tbody>
</table>

The Golf Course Fund is currently at 31.35% of budget received. Revenue at the Golf Course typically increases in the spring and summer but most likely this fund will end the year below adopted budget.
Discussion on Special Revenue Funds

The funds under the Special Revenue Funds are primarily from Federal, State, and County programs such as: Traffic Safety, State Gas Tax, Asset Forfeiture, Measure R, Prop A & C, CDBG, COPS, and Federal and State Grants. These funds are on track to meet budget at yearend, with the exception of the Asset Forfeiture Fund. The City has received $500,000 in Asset Forfeiture revenue in the month of April that was not anticipated in the budget.

<table>
<thead>
<tr>
<th>Asset Forfeiture</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2014-15 Unaudited Actual Revenue</td>
<td>$343,243</td>
</tr>
<tr>
<td>FY 2015-16 Adopted Budget</td>
<td>$175,000</td>
</tr>
<tr>
<td>FY 2015-16 Yearend Estimate</td>
<td>$675,000</td>
</tr>
</tbody>
</table>

Discussion on Debt Service Fund

The Debt Service Fund (Fund 202) records the City's facility lease activity for the Douglas Street Gap Closure. The revenue for this fund comes from traffic mitigation fees. The General Fund does not support any revenue or expenditure activity within the Debt Service Fund. This is not On September 1, 2005, the City entered into a facility lease agreement with the California Infrastructure and Economic Development Bank (CIEDB) whereby CIEDB issued bonds in the amount of $10,000,000 to finance the Douglas Street Gap Closure Project. The City will make lease payments over a 30-year period, which began on February 1, 2006. The interest rate on the bonds is 2.87% per annum. Payments on the lease obligation are due February 1 and August 1 of each year. In the current year budget, the expenditure for the interest and principal payments were not budgeted. This was an oversight and needs to be corrected. The required budget for FY 2015-16 is $244,800 for interest payments and $291,100 for principal payment. The total of these payments is $535,900.

| FY 2015-16 Adopted Expenditure Budget | $0         |
| FY 2015-16 Yearend Estimate           | $535,900   |

Discussion on Internal Service Funds

There are three funds that comprise this category: Equipment Replacement Fund, Liability Insurance Fund and the Workers Comp Insurance Fund. These funds are on track to meet budget at yearend. The Workers Comp Insurance Fund is anticipated to end the fiscal year with a negative fund balance of $274,488. This is predicated on budgeted claims expenditures in the amount of $1,641,000. For the first half of the fiscal year, only $490,306 or 29.9% of the claims budget has been expensed. Staff will continue to monitor and report any changes during the 3rd quarter financial review.
Fiscal Year 2015-2016 Midyear Review of General Fund Expenditures:
The General Fund expenditures through March 31, 2016 are illustrated in the following table:

<table>
<thead>
<tr>
<th>Department</th>
<th>Midyear 14/15</th>
<th>Midyear 15/16</th>
<th>March 2016 vs. March 2015</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected Officials</td>
<td>399,135</td>
<td>498,268</td>
<td>99,133</td>
<td>24.8%</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>2,102,290</td>
<td>1,883,581</td>
<td>-218,709</td>
<td>-10.4%</td>
</tr>
<tr>
<td>Police</td>
<td>9,150,695</td>
<td>8,745,372</td>
<td>-405,323</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Fire</td>
<td>7,136,027</td>
<td>6,569,134</td>
<td>-566,893</td>
<td>-7.9%</td>
</tr>
<tr>
<td>Communication Centers</td>
<td>705,739</td>
<td>654,534</td>
<td>-51,205</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Planning &amp; Building Safety</td>
<td>1,079,757</td>
<td>1,246,506</td>
<td>166,749</td>
<td>15.4%</td>
</tr>
<tr>
<td>Public Works</td>
<td>2,627,332</td>
<td>3,034,988</td>
<td>407,656</td>
<td>15.5%</td>
</tr>
<tr>
<td>Recreation and Parks</td>
<td>2,289,883</td>
<td>2,025,600</td>
<td>-264,283</td>
<td>-11.5%</td>
</tr>
<tr>
<td>Library</td>
<td>1,008,189</td>
<td>1,081,538</td>
<td>73,349</td>
<td>7.3%</td>
</tr>
<tr>
<td>Non-department</td>
<td>3,317,783</td>
<td>2,592,412</td>
<td>-725,371</td>
<td>-21.9%</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>2,288,208</td>
<td>700,000</td>
<td>-1,588,208</td>
<td>-69.4%</td>
</tr>
<tr>
<td>Total General Fund Expenditures</td>
<td>32,105,038</td>
<td>29,031,933</td>
<td>-3,073,105</td>
<td>-9.6%</td>
</tr>
</tbody>
</table>

Midyear Comparison – FY 2015 v. FY 2016:
In comparing between the first half of the year between current and prior years, the major differences are due to the following:

- Transfers out of the General Fund decreased $1.59 million over the same period last year. This is due to only two transfers in the adopted budget for the current year:
  o $500,000 annual transfer to the Economic Uncertainty;
  o An additional $200,000 annual transfer to the Equipment Replacement

- Elected Officials increased by $99,133 or 24.8% over the same period last year. This is due to election expenditures in the current year related to the April elections.

- Non-department decreased by $725,371 or 21.9% over the same period last year. This decrease is primarily due to:
  o A decrease in annual leave cash outs and cash outs for unexpected retirements and
resignations.

- In the current year budget, the annual cost of the Siemens Industry contract for HVAC control services and automation performed citywide was excluded from the budget. The amount required to be budgeted is $42,337.

- Public Works shows an increase over the same period last year of 15.5% or $407,656 due to an increase in filled staff positions compared to vacant positions in the prior year and contracted services during the first half of the fiscal year.

- Administrative Support shows a decrease over the same period last year by 10.4% or $218,709 primarily due to:
  - Several vacancies in Finance and Human Resources in the current year. These positions are currently being filled by contracted staff which will result in an increase to annual professional contract costs in the current year.

- The Police Department is showing a decrease over the same period last year by 4.4% or $405,323. The decrease is from vacant positions for the first half of the year. While the PD budget is trending under budget, there are two budgeted items that need to be adjusted: ammunition and uniform allowance/replacement. The ammunition budget for the current year was captured at $5,900. This was an error and needs to be increased to $67,000. The uniform allowance/replacement was under budgeted and needs to be increased by $49,781. The total budget adjustments to increase expenditures are $110,881. The total budget savings for vacant positions, less additional overtime for coverage, is estimated at approximately $159,780. This results in an overall net budget savings of $48,899.

- The Fire Department shows a decrease over the same period last year of 7.9% or $566,893 due to savings from the agreed upon MOU that was effective January 1, 2016 and due to vacant funded positions. As a result of the MOU agreement, there will be savings realized in the current year, less uniform allowance/replacement that was under budgeted, in the estimated amount of $118,500.

- Library Department shows an increase over the same period last year of 7.3% or $73,349, primarily due to a filled position that was vacant the prior year.

The projected General Fund expenditures at yearend are currently estimated to come under budget by $150,062. Staff will continue monitoring expenditures and will report any changes to the yearend estimates during the third quarter review.
Table 3 – Fiscal Year 2015-2016 Budget v. Projected Year-end – General Fund

<table>
<thead>
<tr>
<th>Department</th>
<th>Current Year Through 3/31/2016</th>
<th>FY 2015-2016 Adopted Budget</th>
<th>% of Budget Spent</th>
<th>FY 2015-2016 Year-end Estimate</th>
<th>Variance Over/ (Under) FY 2015-2016 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elected Officials</td>
<td>498,268</td>
<td>1,040,700</td>
<td>47.9%</td>
<td>1,040,700</td>
<td>0</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>1,883,581</td>
<td>4,216,900</td>
<td>44.7%</td>
<td>4,191,900</td>
<td>-25,000</td>
</tr>
<tr>
<td>Police</td>
<td>8,745,372</td>
<td>20,129,100</td>
<td>46.0%</td>
<td>20,080,201</td>
<td>-48,899</td>
</tr>
<tr>
<td>Fire</td>
<td>6,569,134</td>
<td>14,533,000</td>
<td>45.2%</td>
<td>14,314,500</td>
<td>-118,500</td>
</tr>
<tr>
<td>Communication Centers</td>
<td>654,534</td>
<td>1,457,700</td>
<td>44.9%</td>
<td>1,457,700</td>
<td>0</td>
</tr>
<tr>
<td>Planning &amp; Building</td>
<td>1,246,506</td>
<td>2,842,500</td>
<td>43.9%</td>
<td>2,842,500</td>
<td>0</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>3,034,988</td>
<td>6,911,300</td>
<td>43.9%</td>
<td>6,911,300</td>
<td>0</td>
</tr>
<tr>
<td>Recreation and Parks</td>
<td>2,025,600</td>
<td>5,328,000</td>
<td>38.0%</td>
<td>5,328,000</td>
<td>0</td>
</tr>
<tr>
<td>Library</td>
<td>1,081,538</td>
<td>2,095,000</td>
<td>51.6%</td>
<td>2,095,000</td>
<td>0</td>
</tr>
<tr>
<td>Non-department</td>
<td>2,592,412</td>
<td>5,122,860</td>
<td>50.6%</td>
<td>5,165,197</td>
<td>42,337</td>
</tr>
<tr>
<td>Transfers out</td>
<td>700,000</td>
<td>700,000</td>
<td>100.00%</td>
<td>700,000</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td><strong>Total General Fund Expenditures</strong></td>
<td><strong>$29,031,933</strong></td>
<td></td>
<td><strong>64,377,060</strong></td>
<td><strong>64,226,998</strong></td>
</tr>
</tbody>
</table>

In summary, General Fund revenues at midyear are tracking slightly below the same period last year and staff is currently estimating revenues to end the year slightly above budget by $490,065. The development agreement for Raytheon stipulates a payment of $500,000 for the current fiscal year. This was received in April and accounts for the projected revenue surplus. Currently, expenditures are at 45.1% of budget and are estimated to end the year approximately $150,062 below the budgeted amount.

Table 4 – Fiscal Year 2015-2016 Budget v. Projected Yearend – Revenues and Expenditures for General Fund

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>FY 2015-16 ADOPTED BUDGET</th>
<th>FY 2015-16 PROJECTED YEARENDE</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 63,238,130</td>
<td>$ 63,728,195</td>
<td>$ 490,065</td>
</tr>
<tr>
<td>Expenditures</td>
<td>64,377,060</td>
<td>64,226,998</td>
<td>(150,062)</td>
</tr>
<tr>
<td>Summary</td>
<td>(1,138,930)</td>
<td>(498,803)</td>
<td></td>
</tr>
</tbody>
</table>

As a comparison, below is a table reflecting General Fund activity for FY 2014-15.
Table 5 – Fiscal Year 2014-2015 Adopted Budget v. Unaudited Yearend – Revenues and Expenditures for General Fund

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>FY 2014-15 BUDGET</th>
<th>FY 2014-15 Unaudited YEARENDD</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 60,642,700</td>
<td>$ 64,316,920</td>
<td>$ 3,674,220</td>
</tr>
<tr>
<td>Expenditures</td>
<td>64,043,100</td>
<td>64,382,192</td>
<td>339,092</td>
</tr>
</tbody>
</table>

Table 6 below represents the City’s General Fund balance and reserves. The fund balance is the amount of financial resources immediately available for use. The City also has a Council policy to maintain a 19% general fund financial reserve for the current year. The additional fund balance that is not designated towards the required 19% reserve is referred to as “undesignated” fund balance. These undesignated funds can be used at the discretion of City Council.

As a result of the Raytheon payment of $500,000, a reduction of budgeted expenditures in the amount of $143,500 and a positive revision to the beginning fund balance for FY 2015-16 in the amount of $31,152, the undesignated General Fund balance for FY 2015-16 is projected to be $706,184. Staff would like to discuss with the City Council potential options of designating these funds.

Table 6 – Fund Balance and Reserves for Fiscal Year 2015-2016 Year-end – General Fund

<table>
<thead>
<tr>
<th>Fund Balance &amp; Reserve</th>
<th>FY 2014-15 Unaudited</th>
<th>Adopted Budget FY 2015-16</th>
<th>Revised Year-End Est. FY 2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>13,591,466</td>
<td>13,251,774</td>
<td>13,282,926</td>
</tr>
<tr>
<td>Revenues (+)Over / (-)under Expenditures Adjustment</td>
<td>-308,540</td>
<td>-1,138,930</td>
<td>-498,803</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>13,282,926</td>
<td>12,112,844</td>
<td>12,784,123</td>
</tr>
<tr>
<td>Undesignated</td>
<td>2,804,500</td>
<td>14,203</td>
<td>713,993</td>
</tr>
<tr>
<td>Designated – Financial Reserves 19%</td>
<td>10,478,426</td>
<td>12,098,641</td>
<td>12,070,130</td>
</tr>
</tbody>
</table>

Richmond Street Rehabilitation Project
At its March 1, 2016 meeting, City Council awarded a Public Works contract to Sully-Miller for the Richmond Street Rehabilitation Project and directed staff to eliminate structured soil, paver detail and pedestrian lighting from the project for an overall savings of $334,000. Staff was also directed to bring these cuts back to City Council on April 19, 2016 for reconsideration as part of the mid-year budget presentation. Please note that the construction start date is imminent pending direction from City Council on whether to add back in any of the items eliminated. As a recap, the following items are under consideration:
$135,000  Structured Soil
$50,000  Tree Well Paver Detail
$90,000  Pedestrian Lighting Fixtures
$59,000  Pedestrian Lightning Conduit (backbone)
$334,000

Staff has not yet issued a Notice to Proceed or negotiated a change order to remove these items due to the procedural complications surrounding preservation of bid rate for these items. Once bid items are eliminated from a contract, the contractor is no longer obligated to provide the original bid price should they be added back in. Thus, in the interest of financial prudence, staff has delayed contract negotiations in order to preserve the best possible price for the project items that ultimately move forward. Staff recommends that City Council provide final direction to staff on which items listed above, if any, should be reintroduced to the project.

2015/16 Annual Sidewalk Curb and Gutter Restoration Program
Recall that at its August 31, 2015 Strategic Planning Session, City Council discussed reallocation parking-in-lieu fees toward the Richmond Street project, with the goal of freeing up at least $200,000 for the FY 15/16 Annual Sidewalk Curb and Gutter Restoration program. Given the bids received for the Richmond Street Project, staff recommended on March 1, 2016 that consideration be deferred until presentation of the mid-year budget in April. Given budget projections for the FY 2015/16 year-end estimates listed above, staff is seeking direction from City Council on whether to authorize a transfer of $200,000 from the General Fund to the CIP to continue sidewalk, curb and gutter repairs under the current low bid contract.

Measure B
On April 12, 2016, registered voters in the City of El Segundo will have the opportunity to vote for Measure B. The Measure addresses the Transient Occupancy Tax rate assessed on lodging within the City. The current rate is assessed at 8%. Measure B, if passed, would raise the rate from 8% to 12% effective on June 1, 2016. If Measure B passes the annual additional General Fund revenue is expected to be $3,200,000 based on current rates and room count. The additional revenue that would be anticipated for FY 2015-16, June 1 through September 30, would be $1,018,000. These are additional funds that the City Council would be able to use towards successful implementation of policy objectives and goals of the Council.

Conclusion
At the Department level, the City is spending according to plan. This is reflected in the FY 2014-15 budget to unaudited yearend results of $64,043,100 compared to $64,382,192, respectively. This is a variance of less than 0.5%. As well as in the current year budget to projected yearend for a difference of $150,062. This represents spending that is in line with the budgetary plan. Revenues are tracking well in line with budget, even with the volatility of certain revenues sources that are tied to economic activity or commodity prices such as gasoline and natural gas.

The end result of adhering to the spending plan and closely monitoring revenues, as well as
seeking economic development opportunities, is an original adopted budget for FY 2015-16 that had an undesignated fund balance reserve of $14,203 and the revised yearend projection of $713,993. This is achieved while maintaining a designated 19% reserve in the General Fund.