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.

SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, SEPTEMBER 20, 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): -3- matter

1. City of El Segundo vs. City of Los Angeles, et.al. LASC Case No. BS094279
2. Lewis vs. City of El Segundo. EAMS No. ADJ9634084, ADJ9634079

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): -2- matter

1. Public Employee Performance Evaluation
   Title: City Manager

2. Public Employee Performance Evaluation
   Title: City Attorney

APPOINTMENT OF PUBLIC EMPLOYEE (Gov't. Code § 54957): -0- matter
1. Employee Organizations: Employee Organizations: Police Management Association; Police Officers Association; Police Support Services Employees Association; Fire Fighters Association; Supervisory and Professional Employees Association; Executive and Management/Confidential; City Employees Association.

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
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REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, SEPTEMBER 20, 2016 - 7:00 P.M.

7:00 P.M. SESSION

CALL TO ORDER

INVOCATION – Rev. Dina Ferguson, St. Michael Episcopal Church

PLEDGE OF ALLEGIANCE – Mayor Pro Tem Boyles
PRESENTATIONS

a) Proclamation – Richmond Street Fair – 40th Anniversary
b) Proclamation – September 23, 2016, Vin Scully Day
c) Presentation – City of El Segundo Centennial Celebration

ROLL CALL

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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)

1. Consideration and possible action regarding the introduction and first reading of an Ordinance amending the Downtown Specific Plan (DSP) relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) design review process of projects in the DSP; (4) parking requirements for Non-Profit Museums in the DSP area; and amending El Segundo Municipal Code (ESMC) Chapter 15-24 regarding Adjustments (Environmental Assessment No. EA-1057 (exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., “CEQA”)) and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the “State CEQA Guidelines”), Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03).

Applicant: City of El Segundo.
(Fiscal Impact: None).
Recommendation – 1) Open Public Hearing; 2) Discussion; 3) Introduce and waive first reading of the proposed Ordinance (Environmental Assessment No. EA-1057, Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03); 4) Schedule second reading and adoption of the Ordinance on October 4, 2016; and/or 5) Alternatively, discuss and take other action related to these items.

2. Consideration and possible action to open public hearing regarding the presentation of the Fiscal Year (FY) 2016-2017 Preliminary Budget, including discussion and possible direction regarding all city revenues and expenditures.
(Fiscal Impact: Total Revenues (including transfers-in) of $110,511,276; Total Expenditures (including transfers-out) of $117,176,874; General Fund Revenues of $67,836,559, Expenditures of $66,599,643)

Recommendation – 1) Open Public Hearing; 2) Staff presentation of the 2016-2017 Preliminary Budget and Council direction to staff regarding all City revenues and expenditures (includes potential discussion and direction relating to all City Department revenues and expenditures); 3) Continue the Public Hearing to September 28, 2016; 4) Schedule the budget adoption for the September 28, 2016 meeting; 5) Alternatively, discuss and take other action related to these items.

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.

3. Warrant Numbers 3012827 through 3013011 on Register No. 23 in the total amount of $1,280,002.23 and Wire Transfers from 8/29/16 through 9/11/16 in the total amount of $1,380,994.45.

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.
4. Special Meeting Minutes of August 29, 2016, Special Meeting Minutes of September 6, 2016 and Regular City Council Meeting Minutes of September 6, 2016.

Recommendation – Approval.

5. Consideration and possible action regarding authorization for the Police Department to purchase (23) Suppressed SIG Sauer SIGMCX 5.56MM patrol/SWAT rifles, optics and related equipment using Asset Forfeiture Funds. 
(Fiscal Impact: Not to exceed $67,000.00)

Recommendation – 1) Authorize the Police Department to purchase (23) Suppressed SIG Sauer SIGMCX patrol/SWAT rifles, optics and related equipment and sell back up to (23) Colt AR-15’s and related optics; 2) Authorize the Police Department to purchase these rifles through Adamson Police Products; 3) Alternatively, discuss and take other action related to these items.

6. Consideration and possible action to accept as complete the Joslyn Center Elevator Refurbishment/Modernization Project. Project No. PW 16-19 
(Fiscal Impact: $85,582.00)

Recommendation – 1) Accept the work for the Joslyn Center Elevator Refurbishment/Modernization, Project No. PW-16-19 as complete; 2) Authorize the City Clerk to file a Notice of Completion in the County Recorder’s Office; 3) Alternatively, discuss and take other action related to these items.

7. Consideration and possible action regarding Adoption of a Resolution amending the City of El Segundo Flexible Benefits Plan Document to reflect changes in the Contribution to the Plan and amend the language to ensure compliance with Section 125 of the Internal Revenue Code of 1986. 
(Fiscal Impact: None)

Recommendation – 1) Adopt the Resolution; 2) Alternatively, discuss and take other action related to these items.

8. Consideration and possible action to authorize the City Manager to extend the existing contract with William Avery & Associates, Inc. to conduct a Police Chief recruitment and future executive searches as needed. 
(Fiscal Impact: $24,400.00)

Recommendation – 1) Authorize the City Manager to extend the existing contract with William Avery & Associates, an executive search firm, for purposes of recruiting for the position of Police Chief and to conduct future executive searches for the City as needed; 2) Alternatively, discuss and take other action related to these items.
9. Consideration and possible action to authorize the City Manager to a) transfer $27,929 in funds budgeted for Fiscal Year FY 2015/16 for employee salaries and benefits to professional/technical service charges; and b) increase contract amount with Hayer Consultants, Inc., in a total amount not to exceed $112,929.
   (Fiscal Impact: None)
   Recommendation – 1) Authorize the City Manager to transfer $27,929 in funds budgeted in Fiscal Year FY 2015/16 for the "employee salaries and benefits" budget category to the "professional/technical service charges" budget category; 2) Authorize the City Manager to execute an amendment to the agreement with Hayer Consultants, Inc., in a form approved by the City Attorney to increase the respective contract amounts to a total amount not to exceed $112,929; 3) Alternatively, discuss and take other action related to these items.

10. Consideration and possible action regarding a thirty (30) day provisional appointment extension for the position of Information Systems Manager.
   (Fiscal Impact: None)
   Recommendation – 1) Approve the thirty (30) day provisional appointment extension for the position of IS Manager; 2) Alternatively, discuss and take other action related to these items.

F. NEW BUSINESS

G. REPORTS – CITY MANAGER

H. REPORTS – CITY ATTORNEY

I. REPORTS – CITY CLERK

J. REPORTS – CITY TREASURER

K. REPORTS – CITY COUNCIL MEMBERS

Mayor Pro Tem and Council Member Brann
11. Consideration and possible action to request staff to investigate and provide possible solutions to alleviate maintenance and loitering concerns at Clutter's Bluff Park located on Imperial Avenue.
(Fiscal Impact: None)
Recommendation – 1) Request staff to investigate and provide possible solutions to alleviate maintenance and loitering concerns at Clutter's Bluff Park located on Imperial Avenue; 2) Alternatively, discuss and take other action related to these items.

Council Member Brann –

Council Member Pirsztuk –

Council Member Dugan –

Mayor Pro Tem Boyles –

Mayor Fuentes –

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MEMORIALS –

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.

REPORT OF ACTION TAKEN IN CLOSED SESSION (if required)
ADJOURNMENT

POSTED:

DATE: 09.14.14
TIME: 5:17 PM
NAME: [Signature]
Proclamation

Richmond Street Fair – 40th Anniversary
Proclamation

September 23, 2016, Vin Scully Day
Presentation

City of El Segundo Centennial Celebration
AGENDA DESCRIPTION:
Consideration and possible action regarding the introduction and first reading of an Ordinance amending the Downtown Specific Plan (DSP) relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) design review process of projects in the DSP; (4) parking requirements for Non-Profit Museums in the DSP area; and amending El Segundo Municipal Code (ESMC) Chapter 15-24 regarding Adjustments (Environmental Assessment No. EA-1057 (exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., “CEQA”) and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the “State CEQA Guidelines”), Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03).
Applicant: City of El Segundo.
(Fiscal Impact: None).

RECOMMENDED COUNCIL ACTION:
1. Open Public Hearing;
2. Discussion;
3. Introduce and waive first reading of the proposed Ordinance (Environmental Assessment No. EA-1057, Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03);
4. Schedule second reading and adoption of the Ordinance on October 4, 2016; and/or
5. Alternatively, discuss and take other possible action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1. Draft Ordinance
3. Planning Commission Staff Report Dated April 28, 2016, with attachments

FISCAL IMPACT: None

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ORIGINATED BY: Gregg McClain, Planning Manager
REVIEWED BY: Sam Lee, Planning and Building Safety Director
APPROVED BY: Greg Carpenter, City Manager
BACKGROUND AND DISCUSSION:

I. Introduction

The proposed project is a Specific Plan Amendment and a Zone Text Amendment to amend various sections of the Downtown Specific Plan (DSP) and ESMC Chapter 15-24. The proposed amendments affect the following:
1. DSP Section VIII (Design Standards) regarding Tinting or Reflective Glass on Storefront Windows; and/or
2. DSP Section VIII (Design Standards) regarding Signs for Non-Street Front Uses;
3. DSP Sections V (Administration) and VIII (Design Standards) to establish a design review process and to define projects requiring design review in the DSP;
4. DSP Section VII (Parking) regarding parking requirements for Non-profit Museum uses; and
5. ESMC Chapter 15-24 regarding Adjustments.

II. Background

In the last few years, as more businesses/properties have taken advantage of the DSP parking incentives, other businesses, residents, and the Planning Commission have expressed concerns regarding the lack of parking in the downtown area. In 2014, the Planning Commission directed staff to relay these concerns to the City Council, which staff did. In early 2015, the Commission expressed concern again about these issues and directed staff to present information regarding parking in the downtown at a subsequent meeting.

On June 11, 2015, staff presented information to the Planning Commission on parking issues and five other potential amendments to the Downtown Specific Plan. The Planning Commission gave staff input on each of the potential amendments, which was subsequently presented to the City Council for consideration. On July 21, 2015, the City Council reviewed the Planning Commission’s and staff’s recommendations and appointed a subcommittee to further study the potential amendments to the Downtown Specific Plan. The subcommittee, which consisted of local residents, property owners and business owners (Attachment No. 3), met five times between November 2, 2015 and February 29, 2016.

On February 29, 2016, the subcommittee concluded its work and drafted recommendations, which were presented to the Planning Commission on May 26, 2016 (See Attachment No. 1). On May 26, 2016, the Planning Commission directed staff to prepare amendments to four of the initial six potential amendments. On August 25, 2016, the Planning Commission held a public hearing regarding the proposed amendments. The discussion below summarizes the proposed four amendments to the DSP and an amendment to the ESMC (for consistency purposes only).
III. Discussion

1. Tinted or Reflective Glass on Storefront Window in the Downtown Specific Plan (DSP) Area

Description
Downtown Specific Plan (DSP) Section VIII (Design Standards) states that “storefront windows shall be clear glass, neither tinted nor reflective.” The intent of this and other façade-related provisions, as stated in DSP Section VIII (Design Standards) is to provide transparency between the street and store interiors, which helps to maintain the pedestrian-friendly character of the downtown. The Downtown Specific Plan allows the use of street trees, awnings, and arbors to provide shade for storefronts and to reduce glare caused by direct sunlight exposure.

Planning Commission recommendation
To allow the use of tinted and/or colored windows while maintaining a minimum visible light transparency/transmittance level of 50 percent. Transparency/transmittance levels below 50 percent may be approved through an administrative adjustment process by the Planning and Building Safety Director. The proposed amendment would allow flexibility in the design of storefronts, while preserving the intent of the DSP to have transparent storefronts.

In addition to the proposed amendment to the DSP Design Standards, staff proposes to amend ESMC Chapter 15-24 regarding Adjustments to clarify that deviations from the DSP Development and Design standards may be approved by the Planning and Building Safety Director through an Administrative Adjustment process.

2. Additional Signs for Non-Street Front Uses in the DSP Area

Description
DSP Section VIII (Design Standards) states that “Perpendicular/Pedestrian signage may be used for non-street fronting businesses and shall be no more than nine square feet.” In addition, DSP Section VIII allows “a maximum of two square feet of lettered/logo and/or icon painted directly onto the entrance (without a background).” These signs permitted for non-street front businesses are part of an overall limit of 25 square feet per lot. The intent of these and other sign-related provisions in the DSP is to allow for attractive signs in scale with existing buildings that preserve the pedestrian-friendly character of the downtown and serve as invitations for people to enter and patronize stores and restaurants.

Planning Commission recommendation
To allow an additional 12 square-foot directory sign identifying non-street fronting businesses on non-street fronting building elevations (including elevations fronting alleys). The proposed amendment would allow adequate identification for non-street fronting businesses, while preserving the intent of the DSP to have small signs in scale with existing buildings.
3. Design review process in the Downtown Specific Plan (DSP) Area

Description
Downtown Specific Plan (DSP) Section VIII (Design Standards) regulates the design of development on both public and private property. In addition, in 2008, the City Council adopted an Architectural/Design Review fee (Resolution 4574, October 21, 2008) to pay for the cost reviewing individual projects for consistency with the Downtown Specific Plan (DSP) Design Standards. However, the Downtown Specific Plan did not establish a Design Review process to implement these standards.

Planning Commission recommendation
Establish a Downtown Design Review (DDR) process that includes three levels of review (Planning Commission, Administrative, and Ministerial) depending on the scope of a development project. Planning Commission review would be required for large projects, such as new buildings and additions over 500 square feet in size. Administrative (or Director) review would be required for additions up to 500 square feet in size, outdoor dining areas, and substantial exterior alterations. Ministerial review would be required for minor exterior alterations not falling under Administrative or Planning Commission review, such as changes to individual building features (signs, windows, awnings, etc.). The proposed amendment would establish a design review process that ensures compliance with the DSP Design Standards while streamlining the development process.

4. Parking for Non-profit Museum Uses in the Downtown Specific Plan (DSP) Area

Description
Properties in the downtown are generally comprised of small substandard lots (commonly 3,125 square feet in size) and many of those properties have little or no parking on site. Additionally, providing parking on site frequently is not feasible because lots are typically too narrow (25 feet in width) to provide sufficient stall length and aisle width to allow vehicle back up and maneuvering. Non-profit museums provide a public benefit to the community in that they provide the community access to art and other educational exhibits. In addition, museums are destination uses that attract visitors to the Downtown who typically visit other retail and restaurant uses on the same trip and help support the business community in the Downtown. Museums frequently operate on a more limited schedule than typical businesses and operate during off peak hours such as evenings and weekends when some Downtown uses such as general offices and medical/dental offices are closed. This makes it likely that more street parking is available.

Currently, the City has one museum in the Downtown, the El Segundo Museum of Art (ESMOA). Based upon the size of the museum, nine (9) parking spaces are required in the DSP parking standards. ESMOA cannot provide the parking spaces on site. The museum arranged for the use of nine (9) parking spaces in the Chevron surface parking lots located on the 100 block of Main Street just north of El Segundo Boulevard (southeast corner) during nights and weekends when ESMOA is open to the public and conducts events. However this does not meet the City’s requirements for the parking spaces to be available at all times and such off-site parking requires a parking covenant. The museum is not open to the general public during weekdays except by special appointment and has a small staff that does not work extensive hours. As a result, ESMOA does not compete with other
office uses for street parking and has limited need to provide parking except for weekends and special events conducted limitedly on Friday nights and weekends.

**Planning Commission Recommendation**
Establish a definition for non-profit museums of art and eliminate the parking requirement for this use. A use that succeeds a non-profit museum of art would have to provide the minimum number of parking spaces as required by the DSP. The proposed amendment provides an incentive for non-profit museums of art, which provide a public benefit.

**IV. Findings**

The attached August 25, 2016 Planning Commission staff report and the draft Ordinance include a discussion of the General Plan and Zoning Consistency, Environmental Review, and application findings.

**V. Planning Commission Action**

On August 25, 2016, the Planning Commission held a public hearing on the proposed amendments to the Downtown Specific Plan (DSP) and the El Segundo Municipal Code (ESMC).

After receiving testimony and documentary information, the Commission adopted Resolution No. 2802, recommending City Council adopt the draft Ordinance.

**VI. Environmental Assessment**

The proposed Ordinance is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, *et seq.*, “CEQA”) and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, *et seq.*, the “State CEQA Guidelines”) because it consists only of minor revisions and clarifications to existing zoning regulations and related procedures. It does not have the effect of deleting or substantially changing any regulatory standards or findings required thereof. Therefore, the proposed Ordinance is an action that does not have the potential to cause significant impacts on the environment. The proposed Ordinance would make minor changes to the Downtown Specific Plan, which was evaluated by an adopted Mitigated Negative Declaration (Environmental Assessment No. 474) on August 1, 2000. Furthermore, the proposed Ordinance would make a minor change to the El Segundo Municipal Code which the City determined to be consistent with the FEIR for the City of El Segundo General Plan on December 1, 1992. Accordingly, no further environmental review is required pursuant to 14 Cal. Code Regs. § 15168(c)(2).

**VII. Recommendation**

Staff recommends that the City Council introduce and waive first reading of a draft Ordinance and schedule a second reading and adoption of the Ordinance to occur on October 4, 2016.
ORDINANCE NO. ___

AN ORDINANCE AMENDING VARIOUS DOWNTOWN SPECIFIC PLAN (DSP) DEVELOPMENT AND DESIGN STANDARDS, ESTABLISHING A DOWNTOWN DESIGN REVIEW PROCESS, AND AMENDING EL SEGUNDO MUNICIPAL CODE CHAPTER 15-24 REGARDING ADJUSTMENTS.

(SPECIFIC PLAN AMENDMENT NO. 14-01 AND ZONE TEXT AMENDMENT NO. 16-03)

The City Council of the city of El Segundo does ordain as follows:

SECTION 1: The Council finds and declares as follows:

A. On February 19, 2014, the City initiated the process to amend various Downtown Specific Plan (DSP) development standards and design guidelines.

B. On June 11, 2015, the Planning Commission held a study session, gave staff feedback on the recommended amendments, and directed staff to present their feedback and recommendations to the City Council;

C. On July 21, 2015, the City Council held a study session, reviewed the recommended amendments, and directed staff to form a Downtown Subcommittee to further study the recommended amendments and prepare an Ordinance for consideration;

D. The Downtown Subcommittee held five meetings between November 2, 2015 and February 29, 2016 to provide feedback and make recommendations on the recommended amendments;

E. On May 26, 2016, the Planning Commission held a study session to review the Downtown Subcommittee’s recommendations and directed staff to prepare an Ordinance addressing the following four amendments to the DSP development standards and design guidelines:

1. Tinted or Reflective Glass on Storefront Windows
2. Additional Signs for Non-Street Front Uses
3. Design review process
4. Parking for Non-profit Museum Uses

The Planning Commission also directed staff to study possible further amendments to the parking standards and the parking in-lieu fee program in the DSP.
F. In addition, the City reviewed the project’s environmental impacts under the California Environmental Quality Act (Public Resources Code §§ 21000, et seq., “CEQA”), the regulations promulgated thereunder (14 Cal. Code of Regulations §§15000, et seq., the “CEQA Guidelines”), and the City’s Environmental Guidelines (City Council Resolution No. 3805, adopted March 16, 1993);

G. The Planning and Building Safety Department completed its review and scheduled a public hearing regarding the application before the Planning Commission for August 25, 2016;

H. On August 25, 2016, the Planning Commission held a public hearing to receive public testimony and other evidence regarding the application including, without limitation, information provided to the Planning Commission by city staff; and, adopted Resolution No. 2802 recommending that the City Council approve the proposed project;

I. On September 20, 2016, the City Council held a public hearing and considered the information provided by City staff and public testimony regarding this Ordinance; and

J. This Ordinance and its findings are made based upon the entire administrative record including, without limitation, testimony and evidence presented to the City Council at its September 20, 2016 hearing and the staff report submitted by the Planning and Building Safety Department.

SECTION 2: General Plan and Specific Plan Findings. After considering the above facts, the City Council finds as follows:

A. The El Segundo General Plan land use designation is Downtown Specific Plan (DSP). This designation permits community serving retail and service uses, and offices in a pedestrian-oriented environment. The purpose of the proposed amendments is to allow flexibility in the design of development projects while preserving and promoting the pedestrian-oriented environment in the DSP.

B. The proposed amendments will: 1) allow storefront windows to be colored and/or tinted while maintaining a minimum 50% visible light transmittance level; 2) allow an additional directory sign up to a maximum of 12 square feet in size for non-street front uses; 3) establish a design review process, including ministerial, administrative, and planning commission levels of review; and 4) establish a definition and parking requirements for non-profit Museums of Art.

C. The proposed amendments to the Downtown Specific Plan are consistent with several General Plan Land Use Element Goals, Objectives and
Policies. Specifically, they are consistent with Land Use Element Goal LU1 and Objective LU1-4, in that they will help preserve and maintain the City's Downtown as integral to the City's appearance and function. The proposed amendments will allow some flexibility related to storefront windows, non-street fronting business signage, parking requirements for non-profit museums, and will clarify the design review process without detracting from the appearance and design standards of the DSP.

D. The proposed amendments are also consistent with Land Use Element Goal LU4, Objective LU4-2, Policy LU 4-2.1, Policy LU4-2.4, and Policy LU4-2.5 in that they will help maintain a stable tax base for the City and maintain the Downtown as a focal point for the community. The proposed amendments will accomplish this by providing more design flexibility and clarifying the design review process, which will help retain and attract businesses to the Downtown area.

E. The proposed amendments are also consistent with Economic Development Element Goal ED3, Objective ED3-1, Policy ED3-1.2, Policy ED3-1.4, and Policy ED3-1.5 in that they will provide more design flexibility and clarify the design review process, which will help retain and attract businesses to the Downtown area.

F. The amendments are consistent with the philosophy and concept of the Downtown Specific Plan (DSP), in that the increased design flexibility helps maintain and enhance the DSP pedestrian friendly environment. In addition, the proposed amendments establish a clear design review process to help achieve the DSP aesthetic goals.

SECTION 3: Zone Text Amendment Findings. The proposed Zone Text Amendment to ESMC Chapter 15-24 is required by public necessity, convenience, and general welfare, since it will clarify that deviations from the DSP Development and Design standards may be approved by the Planning and Building Safety Director through an Administrative Adjustment process.

SECTION 4: Environmental Assessment. The proposed Ordinance is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., "CEQA") and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the "State CEQA Guidelines") because it consists only of minor revisions and clarifications to existing zoning regulations and related procedures. It does not have the effect of deleting or substantially changing any regulatory standards or findings required thereof. Therefore, the proposed Ordinance is an action that does not have the potential to cause significant impacts on the environment. The proposed Ordinance would make minor changes to the Downtown Specific Plan, which was evaluated by an adopted Mitigated Negative Declaration (Environmental Assessment No. 474) on August 1, 2000. Furthermore, the proposed Ordinance would make a minor change to the El Segundo
Municipal Code which the City determined to be consistent with the FEIR for the City of El Segundo General Plan on December 1, 1992. Accordingly, no further environmental review is required pursuant to 14 Cal. Code Regs. § 15168(c)(2).

SECTION 5: Chapter V of the Downtown Specific Plan is amended to read as follows:

“A. Introduction

Sections 65450 through 65457 of the State Government Code define the criteria under which specific plans may be adopted. These sections require that a specific plan include land uses, infrastructure, development standards, implementation including financing, and a statement of the relationship of the specific plan to the general plan. The Downtown Specific Plan shall be administered in accordance with the City Municipal Code, except as noted under item B.2. Sections B and C below.

B. Specific Plan Administration

1. Administrative Determinations and Adjustments


Adjustments must comply with Chapter 15-24 of the ESMC.

2. Development Standards Determinations Adjustments

The Director of Community, Economic and Development Services Planning and Building Safety may grant administrative determinations adjustments related to development and design standards, provided any administrative relief does not exceed 10% of any development or design standard.

3. Authority to Inspect


4. Penalty


5. Authority to promulgate rules and regulations

The Director of Planning and Building Safety has the authority to promulgate rules and regulations, and to amend or add to them, for the implementation of this chapter.
C. Design Review Process

1. Purpose

The purpose of the design review process is to ensure that new development in the Downtown Specific Plan area complies with the Design Standards in Chapter VIII of the Specific Plan.

2. Levels of Review and Process

The following levels of review apply to development projects in the Downtown Specific Plan area:

a) Ministerial. Ministerial review occurs during the building permit process. No discretionary permit and/or planning applications are required.

Applicability. Ministerial review applies to all projects that are not subject to Administrative or Planning Commission review and include, without limitation, the following development projects:

i. Installation, replacement, or modifications to individual architectural building features, including, without limitation, windows, doors, awnings, lighting, siding material and colors, landscaping, and signs.

Review Authority. Planning and Building Safety Department staff.

b) Administrative. Administrative-level review requires submittal of a Downtown Design Review (DDR) application to the Planning and Building Safety Department.

Applicability. Administrative-level review applies to the following development projects:

i. Substantial exterior alterations. These include installation, replacement, modifications to multiple types of architectural building features, including, without limitation, windows, doors, awnings, lighting, siding material and colors, landscaping, and signs as determined by the Planning and Building Safety Director or his/her designee.

ii. Changes to the size or location of building openings, such as windows and doors.

iii. Outdoor retail uses and outdoor dining (including temporary dining).

iv. An addition to a building that is up to a maximum of 500 square feet (gross) in size.
Review Authority. Planning and Building Safety Director or his/her designee. No public hearing or notification is required before the Director or his/her designee issues a decision. The Director's decisions are appealable to the Planning Commission.

c) Planning Commission. Planning Commission-level review requires submittal of a Downtown Design Review (DDR) application to the Planning and Building Safety Department.

Applicability. Planning Commission-level review applies to the following development projects:

i. New buildings
ii. An addition to a building that is over 500 square feet (gross) in size.
iii. Substantial exterior alterations or other development projects referred to the Planning Commission by the Planning and Building Safety Director.

Review Authority. Planning Commission. A public hearing and notification is required before the Planning Commission issues a decision. The public hearing and notice must comply with ESMC Chapter 15-27. A decision of the Planning Commission may be appealed to the City Council pursuant to ESMC Chapter 15-25.
<table>
<thead>
<tr>
<th>Review Level</th>
<th>Applicability / thresholds</th>
<th>Review Authority</th>
<th>Application / Public hearing Required</th>
<th>Decision method</th>
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<td>Ministerial</td>
<td>All projects that are not subject to Administrative or Planning Commission review and include, without limitation, the following: Installation, replacement, or modifications to individual architectural building features, including, without limitation, windows, doors, awnings, lighting, siding material and colors, landscaping, and signs.</td>
<td>Planning and Building Safety staff</td>
<td>No separate application. No public hearing</td>
<td>Building Permit</td>
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<tr>
<td>Administrative</td>
<td>Substantial exterior alterations. These include installation, replacement, or modifications to multiple architectural building features, including, without limitation, windows, doors, awnings, lighting, siding material and colors, landscaping, and signs as determined by the Planning and Building Safety Director or his/her designee. Changes to the size or location of building openings, such as windows and doors. Outdoor retail uses and outdoor dining (including temporary dining) Additions to buildings up to a maximum of 500 square feet (gross)</td>
<td>Planning and Building Safety Director or designee</td>
<td>DDR application required. No public hearing</td>
<td>Director Letter</td>
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<tr>
<td>Planning Commission</td>
<td>New buildings Additions to buildings over 500 square feet (gross) Substantial exterior alterations or other development projects referred to the Planning Commission</td>
<td>Planning Commission</td>
<td>DDR application required. Public hearing required</td>
<td>Planning Commission Resolution</td>
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<td>Commission by the Planning and Building Safety Director</td>
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SECTION 6: Chapter VI, Section H of the Downtown Specific Plan is amended as follows:

H. Definitions

*Museum of Art*

"Museum of Art" means a building where works of art, such as paintings, sculpture, photographs, and decorative arts, are displayed or kept.

Newsstand

"Newsstand" means a small self-contained outdoor structure for the retail sales of newspapers, magazines, periodicals, and similar products.

Non-profit Museum of Art

"Non-profit Museum of Art" means a Museum of Art that is operated by nonprofit corporations that have been approved by the Internal Revenue Service to be tax-exempt under the terms of the Internal Revenue Code.

Offices, Governmental

"Offices, governmental" means an establishment maintained and used as a place of business by persons employed by the government including City, County, State, Federal and similar governmental businesses, whose business activity consists primarily of providing services to people."

SECTION 7: Chapter VII, Section 3 of the Downtown Specific Plan is amended as follows:

"3. Parking Spaces Required-

b. Nonresidential Uses:

i) Bed and Breakfast Hotels -1 space for each of the first 100 rooms; ¾ space for each of the next 100 rooms; and ½ space for each room above 200 rooms.

ii) Retail, offices, commercial, video arcade, and food-to-go uses -1 space for each 300 sq. ft. for the first 25,000 sq. ft.; 1 space for each 350 sq. ft. for the second 25,000 sq. ft.; 1 space for each 400 sq. ft. for the area in excess of 50,000 sq. ft. No parking is required for outdoor retail uses including gathering areas (such as outdoor party areas), newsstands, coffee carts and flower stands, up to 200 square feet in area.
iii) **Restaurants** - 1 space for each 75 sq. ft. of dining area, including outdoor dining areas exceeding 200 sq. ft. in area 1 space for each 250 square feet of non-dining areas. No parking is required for restaurants less than 500 sq. ft. which do not provide sit-down eating accommodations, or for outdoor uses including dining and gathering areas, up to 200 sq. ft. in area.

iv) **Bars** - 1 space for each 75 sq. ft., including outdoor areas exceeding 200 sq. ft. in area.

v) **Medical/Dental offices and clinics** - 1 space for each 200 sq. ft.

**vii) Non-profit Museums of Art - No parking required.**

vii) **Schools** - Daycare, pre-school, elementary, middle school and junior high - 1 space for each classroom, plus 1 space for each employee.

viii) **Schools** - High school -7 spaces per classroom plus auditorium or stadium parking requirements.

ix) **Schools** - Adult, college, business and trade schools - 1 space for every 50 sq. ft. of gross floor area or 1 space for every 3 fixed seats - whichever is greater.

x) **Places of Public Assembly** (including but not limited to, theaters, auditoriums, banquet facilities, meeting rooms, clubs, lodges and mortuaries) - 1 space for every 5 seats.* Without fixed seats - 1 space for every 50 sq. ft. of floor area used for assembly purposes.

* Based upon the Uniform Building Code, areas having fixed benches or pews **shall must** have 1 seat for each 18 inches of length. Dining areas **shall must** have 1 seat for each 24 inches of booth length, or major portion thereof.

** See also Chapter VII, Section 10.**

SECTION 8: Chapter VII, Section 10 of the Downtown Specific Plan is amended to read as follows:

“10. Existing Buildings with Permitted Uses-
Existing uses in an existing building may change to any other use enumerated in the PERMITTED USES section of the applicable Specific Plan District without providing additional on-site parking spaces, provided that all existing on-site parking spaces provided in connection with the building or structure shall be continued and to be available for use with the subject building. **Notwithstanding the foregoing, when a Non-profit Museum of Art in an existing building changes to any other use, the succeeding use must provide the required number of parking spaces at the ratios set forth in Section 3 of this Chapter.**

SECTION 9: Chapter VIII, Section A, subsection 4.(a)(ii) of the Downtown Specific Plan
is amended to read as follows:

"ii) Facades -

aa. If parcels are aggregated, then the new building should maintain a facade that is differentiated as if each segment were a separate structure. (C)

bb. New buildings shall consider and **must** be compatible or contextual to the architecture, size, massing, roofline, cornice line, and details of the adjoining buildings. (C)

cc. Storefront windows shall be clear **must be transparent** glass, neither tinted nor reflective, **including tinted and colored glass, which must provide a minimum visible light transparency/transmittance level of 50 percent. Reflective glass is prohibited.** Windows may be shaded by street trees, awnings and arbors. (C)

dd. At least 75% of the facade between two and eight feet above the sidewalk shall **must be clear-transparent** windows and doors (new or renovated structures). (C) (Photo 16)

[Image: Photo 16 - Clear window treatments]

[Image: Photo 17 - Metal security door]

ee. Window displays should be encouraged (i.e., flower shop), but should provide transparency between the street and the store. Window displays shall **may not** block or completely obscure the building interior from the passerby. (S)

ff. For all front windows, at least 75% of the glass area shall **must be** unobstructed by signage, including advertisements, screens, and window coverings. (S)

gg. Metal garage doors, folding security screens or other security features, which detract from the street appearance, shall **not be** Allowed. (C) (Photo 17).

hh. Awnings, which complement the architectural character of the building or storefront, are encouraged. (Photo 18)

* * * * *

**SECTION 10:** Chapter VIII, Section A, subsection 4.(c) of the Downtown Specific
Plan is amended to read as follows:

"c. Signage:
Signs are significant features of shopping and entertainment districts as they serve as invitations for people to enter and patronize stores and restaurants. Unique, attractive signs signify quality establishments and products. A combination of storefront, window and perpendicular/pedestrian signs is allowed to meet the area up to a maximum of 25 square-foot total maximum allowable signage (per 25 foot standard lot): 1 square foot per lineal foot of street frontage. If for lots are aggregated, then a formula of 1.5 square feet per lineal foot of street frontage is used to determine maximum allowable signage) (Diagram 9)

![Diagram of Types of Signs]

i) Storefront Signs -
Storefront signs are mounted parallel and directly onto the building facade.

aa. Storefront signs shall be no more than 20 square feet. (C)

bb. Materials used shall be in keeping with the character and charm of a pedestrian oriented downtown and consistent with surrounding signage. (C)

cc. Freestanding lettered/iconic signage (without background area) shall be encouraged and allowed. (C) (Diagram 10)
dd. Signage on awnings shall be allowed. (C)

ee. Signage may be lighted from another source such as gooseneck lamps. (C) (Diagram 11)

ff. Internally illuminated canister signs shall not be allowed. (C)

gg. Pole or pylon signs shall not be allowed. (C)

hh. Roof signs shall not be allowed. (C)

ii. Neon signage should be discouraged. (C)

jj. Temporary signs shall be limited to no more than 15 percent of the window or storefront area for a maximum of 30 days per year. (C)

i) Window Signs -

aa. Window signage may be no more than 16 square feet. (C)

bb. Window signage must be kept to a minimum. Lettering, such as painted script shall be encouraged, while signs with backgrounds shall
beare discouraged. (C)

cc. Advertisements placed in windows shall are not be allowed. (C)

ii) Perpendicular/Pedestrian Signs –
Perpendicular/Pedestrian signs are mounted above eye-level, perpendicular to the building face and hang over the sidewalk.

aa. Perpendicular/Pedestrian signs shall may be no more than nine square feet (double sided allowed). (C)

bb. Materials used shall must be in keeping with the character and charm of a pedestrian oriented downtown and consistent with surrounding signage. (C) (Photo 20)

iv) Signs for Non-Street Front Uses -

aa. Perpendicular/Pedestrian signage may be used for non-street fronting businesses and shall be, provided such signage is no more than nine square feet. (C)

bb. In addition to allowed perpendicular/pedestrian signage, a maximum of two square feet of lettered/logo and/or icon painted directly onto the entrance (without a background) shall be is allowed. (C)

cc. In addition, a directory sign identifying non-street fronting businesses within a building is allowed on non-street fronting building elevations (including elevations fronting on alleys). The directory sign may not exceed 12 square feet. (C)

v) Address Signs -
Address signs may be used to identify building location, but shall may not be
used as primary signage. Size shall **must** be kept at the minimum necessary, as required by the Uniform Fire Code, to identify the address from the street. (C)

vi) Sidewalk Signs - Sidewalk-oriented signs are designed to be visible by pedestrians on the sidewalk. They are movable, free standing signs. aa. Freestanding signage (as in sandwich boards) along sidewalks is encouraged. Freestanding signs **shall may** not exceed four square feet in area on each side and **shall must** be designed so as not to obstruct the sidewalk or provide a place for a person to hide behind. (C) (Diagram 12)”

SECTION 11: Section 15-24-6 of the ESMC is amended to read as follows:

“15-24-6: ADMINISTRATIVE REVIEW

Requests for administrative adjustments must be reviewed by the director of planning and building safety or his/her designated representative. A decision on an administrative adjustment must be made and mailed to the applicant within ten (10) working days after the application is deemed complete. The director's decision is final unless appealed as provided by chapter 25 of this title. Notwithstanding any other provision of this chapter, no public hearing or notification is required for administrative adjustments. Administrative adjustments may be granted to allow:

A. Parking and loading space standards as set forth in chapter 15 of this title.

B. Reduction of retention of a minimum of fifty percent (50%) of exterior perimeter wall height and/or deviation from development standards for life safety purposes.

C. Deviation from development standards for reasonable access accommodations.

D. Deviation from the development and design standards as set forth in chapters V-VIII of the Downtown Specific Plan.”

SECTION 12: If any part of this Ordinance or its application is deemed invalid by a court of competent jurisdiction, the city council intends that such invalidity will not affect the effectiveness of the remaining provisions or applications and, to this end, the provisions of this Ordinance are severable.

SECTION 13: The City Clerk is directed to certify the passage and adoption of this Ordinance; cause it to be entered into the City of El Segundo’s book of original ordinances; make a note of the passage and adoption in the records of this meeting; and, within fifteen (15) days after the passage and adoption of this Ordinance, cause it to be published or posted in accordance with California law.
SECTION 14: This Ordinance will become effective on the thirty-first (31st) day following its passage and adoption.

PASSED AND ADOPTED this ___ day of __________, 2016.

Suzanne Fuentes, Mayor

APPROVED AS TO FORM:

By: ____________________________
Mark D. Hensley, City Attorney

ATTEST:

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 Ordinance No. ________ was duly introduced by said City Council at a regular meeting held on the ___ day of _________ 2016, and 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 ___ day of __________, 2016, and the same was so passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Tracy Weaver, City Clerk
AGENDA DESCRIPTION:
Consideration and possible action regarding Environmental Assessment No. EA-1057, Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03 to amend the Downtown Specific Plan (DSP) relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) design review process of projects in the DSP; (4) parking requirements for Non-Profit Museums in the DSP area; and/or to amend El Segundo Municipal Code (ESMC) Chapter 15-24 regarding Adjustments. (Fiscal Impact: None)

RECOMMENDED PLANNING COMMISSION ACTION: It is recommended that the Planning Commission
1. Open the public hearing and take public testimony on the project; close the public hearing and consider the evidence; and, adopt Resolution No. 2802 recommending that the City Council adopt an Ordinance to amend
   a. DSP Section VIII (Design Standards) regarding Tinting or Reflective Glass on Storefront Windows;
   b. DSP Section VIII (Design Standards) regarding Signs for Non-Street Front Uses;
   c. DSP Sections V (Administration) and VIII (Design Standards) to establish a design review process and to define projects requiring design review in the DSP;
   d. DSP Section VII (Parking) regarding parking requirements for Non-profit Museum uses;
   e. ESMC Chapter 15-24 regarding Adjustments; and/or
2. Alternatively, discuss and take other possible action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1. Proposed Planning Commission Resolution No. 2802
   a. Draft Ordinance
2. Planning Commission Staff Report dated April 28, 2016 with attachments

ORIGINATED BY: Paul Samaras, Principal Planner
REVIEWED BY: Gregg A. McClain, Planning Manager
APPROVED BY: Sam Lee, Director of Planning and Building Safety

I. INTRODUCTION:
The proposed project is a Specific Plan Amendment and a Zone Text Amendment to amend various sections of the Downtown Specific Plan (DSP) and ESMC Chapter 15-24. The proposed amendments would amend
1. DSP Section VIII (Design Standards) regarding Tinting or Reflective Glass on Storefront Windows;
2. DSP Section VIII (Design Standards) regarding Signs for Non-Street Front Uses;
3. DSP Sections V (Administration) and VIII (Design Standards) to establish a design review process and to define projects requiring design review in the DSP;
4. DSP Section VII (Parking) regarding parking requirements for Non-profit Museum uses; and
5. ESMC Chapter 15-24 regarding Adjustments.

II. BACKGROUND AND DISCUSSION:

Background

On June 11, 2015, staff requested input from the Planning Commission on six potential amendments to the Downtown Specific Plan. The Planning Commission gave staff input on each of the potential amendments, which was subsequently presented to the City Council for consideration. On July 21, 2015, the City Council reviewed the Planning Commission’s and staff’s recommendations and appointed a subcommittee to further study the potential amendments to the Downtown Specific Plan.

On February 29, 2016, the subcommittee concluded its work and drafted recommendations, which were presented to the Planning Commission on May 26, 2016. On May 26, 2016, the Planning Commission directed staff to prepare amendments to four of the initial six potential amendments. The discussion below summarizes the proposed four amendments to the DSP and an amendment to the ESMC (for consistency purposes only).

Discussion

1. Tinted or Reflective Glass on Storefront Window in the Downtown Specific Plan (DSP) Area

Description
DSP Section VIII (Design Standards) states that “storefront windows shall be clear glass, neither tinted nor reflective.” The intent of this and other façade-related provisions, as stated in DSP Section VIII (Design Standards) is to provide transparency between the street and store interiors, which helps to maintain the pedestrian-friendly character of the downtown. The DSP allows the use of street trees, awnings, and arbors to provide shade for storefronts and to reduce glare caused by direct sunlight exposure.

Staff recommendation: To allow the use of tinted and/or colored windows while maintaining a minimum visible light transparency/transmittance level of 50 percent. Transparency/transmittance levels below 50 percent may be approved through an administrative adjustment process by the Planning and Building Safety Director. The proposed amendment would allow flexibility in the design of storefronts, while preserving the intent of the DSP to have transparent storefronts.

In addition to the proposed amendment to the DSP Design Standards, staff proposes to amend ESMC Chapter 15-24 regarding Adjustments to clarify that deviations from the DSP Development and Design standards may be approved by the Planning and Building Safety Director through an Administrative Adjustment process.
2. Additional Signs for Non-Street Front Uses in the DSP Area

Description
DSP Section VIII (Design Standards) states that “Perpendicular/Pedestrian signage may be used for non-street fronting businesses and shall be no more than nine square feet.” In addition, DSP Section VIII allows “a maximum of two square feet of lettered/logo and/or icon painted directly onto the entrance (without a background).” These signs permitted for non-street front businesses are part of an overall limit of 25 square feet per lot. The intent of these and other sign-related provisions in the DSP is to allow for attractive signs in scale with existing buildings that preserve the pedestrian-friendly character of the downtown and serve as invitations for people to enter and patronize stores and restaurants.

Staff recommendation: To allow an additional 12 square-foot directory sign identifying non-street fronting businesses on non-street fronting building elevations (including elevations fronting alleys). The proposed amendment would allow adequate identification for non-street fronting businesses, while preserving the intent of the DSP to have small signs in scale with existing buildings.

3. Design review process in the DSP Area

Description
DSP Section VIII (Design Standards) regulates the design of development of both public and private property. In addition, in 2008, the City Council adopted an Architectural/Design Review fee (Resolution 4574, October 21, 2008) to pay for the cost reviewing individual projects for consistency with the DSP Design Standards. However, the DSP did not establish a Design Review process to implement these standards.

Staff recommendation: Establish a Downtown Design Review (DDR) process that includes three levels of review (Planning Commission, Administrative, and Ministerial) depending on the scope of a development project. Planning Commission review would be required for large projects, such as new buildings and additions over 500 square feet in size. Administrative (or Director) review would be required for additions up to 500 square feet in size, outdoor dining areas, and substantial exterior alterations. Ministerial review would be allowed for minor exterior alterations not falling under Administrative or Planning Commission review, such as changes to individual building features (signs, windows, awnings, etc.). The proposed amendment would establish a design review process that ensures compliance with the DSP Design Standards while streamlining the development process.

4. Parking for Non-profit Museum Uses in the DSP Area

Description
Properties in the downtown are generally comprised of small substandard lots (commonly 3,125 square feet in size) and many of those properties have little or no parking on site. Additionally, providing parking on site frequently is not feasible because lots are typically too narrow (25 feet
in width) to provide sufficient stall length and aisle width to allow vehicle back up and maneuvering. Non-profit museums provide a public benefit to the community in that they provide the community access to art and other educational exhibits. In addition, museums are destination uses that attract visitors to the Downtown who typically visit other retail and restaurant uses on the same trip and help support the business community in the Downtown. Museums frequently operate on a more limited schedule than typical businesses and operate during off peak hours such as evenings and weekends when some Downtown uses such as general offices and medical/dental offices are closed. This makes it likely that more street parking is available.

Currently, the City has one museum in the Downtown, the El Segundo Museum of Art (ESMOA). Based upon the size of the museum, nine (9) parking spaces are required in the DSP parking standards. ESMOA cannot provide the parking spaces on site. The museum arranged for the use of nine (9) parking spaces in the Chevron surface parking lots located on the 100 block of Main Street just north of El Segundo Boulevard (southeast corner) during nights and weekends when ESMOA is open to the public and conducts events. However, this does not meet the City’s requirements for the parking spaces to be available at all times and such off-site parking requires a parking covenant. The museum is not open to the general public during weekdays except by special appointment and has a small staff that does not work extensive hours. As a result, ESMOA does not compete with other office uses for street parking and has limited need to provide parking except for weekends and special events conducted limitedly on Friday nights and weekends.

**Staff recommendation:** Define non-profit museums of art and eliminate the parking requirement for this use. A use that succeeds a non-profit museum of art would have to provide the minimum number of parking spaces as required by the DSP. The proposed amendment provides an incentive for non-profit museums of art, which provide a public benefit.

5. Parking and the Parking In-Lieu Fee Program in the DSP Area

**Description**
In addition to the four amendments described above, staff, the Downtown subcommittee, and the Planning Commission also considered parking related issues in the DSP including the parking in-lieu fee program.

**Downtown Subcommittee recommendation:**

The Downtown Subcommittee discussed parking at three of its meetings. Below is a list of some of the topics discussed and areas of agreement:

a. The parking problem in the Downtown is primarily one of management of existing parking, rather than a lack of supply. So, the City should focus on managing the existing supply of parking, which includes several surface public parking lots and a parking structure.

b. The City should prioritize the implementation of the Master Bicycle Plan goals for the Downtown area. This will encourage more bicycle traffic instead of vehicular traffic.

c. The City should focus on enforcement of restrictions for on-street parking.

d. The City should promote and improve visibility of the public parking lot at the northeast corner of Main Street and Grand Avenue.
e. The City should improve signage for public parking lots and particularly for the parking structure. The signage for the structure is confusing in that it appears to reserve parking only for the 99-cent store.

Additional topics discussed by the subcommittee during its meetings are summarized in the attached Planning Commission staff report dated April 28, 2016.

Planning Commission Direction:

On May 26, 2016, the Planning Commission directed staff to proceed with the four proposed amendments and to conduct further research on the following:

a. Public parking management (including signage);
b. Updating the DSP parking requirements; and
c. Expanding the DSP boundaries.

Staff continues to research these issues and will report back to the Planning Commission at a later date.

General Plan And Zoning Consistency

Consistency with the El Segundo Municipal Code
Pursuant to ESMC Title 15, Chapter 26 (Amendments), in order to recommend City Council approval of the proposed amendments, the Planning Commission must find that the amendments are necessary to carry out the general purpose of ESMC Title 15. The purpose of this Title (ESMC § 15-1-1) is to serve the public health, safety, and general welfare and to provide economic and social advantages resulting from an orderly planned use of land resources. Planning staff believes that the Planning Commission can make the findings in order to recommend City Council approval of the proposed amendment. The findings are discussed in the proposed resolution.

Consistency with the El Segundo General Plan
ESMC § 15-1-1 (Purpose, Title) states that Title 15 is the primary tool for implementation of the goals, objectives, and policies of the El Segundo General Plan. Accordingly, the Planning Commission must find that the proposed Zone Text Amendment and Specific Plan Amendment is consistent with those goals, objectives, and policies. Planning staff believes that the Planning Commission can make the findings in order to recommend City Council approval of the proposed amendment. The findings are discussed in the proposed resolution.

III. ENVIRONMENTAL REVIEW:

The proposed zone text amendment is exempt from review under the California Environmental Quality Act (California Public Resources Code §§ 21000, et seq., “CEQA”) and the regulations promulgated thereunder (14 California Code of Regulations §§ 15000, et seq., the “State CEQA Guidelines”) because it consists only of minor revisions and clarifications to existing zoning regulations and related procedures. It does not have the effect of deleting or substantially changing any regulatory standards or findings required thereof. The proposed Ordinance is an action that does not have the potential to cause significant impacts on the environment. The proposed Ordinance would make minor changes to the Downtown Specific Plan, which was evaluated by an adopted Mitigated Negative Declaration No. 474 on August 1, 2000. Furthermore, the proposed
Ordinance would make a minor change to the El Segundo Municipal Code which the City determined to be consistent with the FEIR for the City of El Segundo General Plan on December 1, 1992. Accordingly, no further environmental review is required pursuant to 14 Cal. Code Regs. § 15168(e)(2).

IV. RECOMMENDATION:

Staff recommends that the Planning Commission adopt Resolution No. 2802 recommending that the City Council approve Environmental Assessment No. EA-1057, Zone, Specific Plan Amendment No. SPA 14-01, and Zone Text Amendment No. ZTA 16-03.
AGENDA DESCRIPTION:
Consideration and possible action regarding potential amendments to the Downtown Specific Plan (DSP) relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) building height limit along street-side property lines; (4) design review process of projects relating to existing design review standards in the DSP; (5) parking requirements for Non-Profit Museums in the DSP area; and/or (6) parking and the Parking-In-Lieu Fee Program in the DSP and review and potential formulation of recommendations relating to parking issues in the DSP. (Fiscal Impact: None)

RECOMMENDED PLANNING COMMISSION ACTION: It is recommended that the Planning Commission consider:
1. Directing staff to prepare an amendment to the DSP Section VIII (Design Standards) regarding Tinting or Reflective Glass on Storefront Windows; and/or
2. Directing staff to prepare an amendment to the DSP Section VIII (Design Standards) regarding Signs for Non-Street Front Uses; and/or
3. Directing staff to prepare an amendment to the DSP Section VI (Development Standards) regarding building height along street-side property lines; and/or
4. Directing staff to prepare an amendment to the DSP Sections V (Administration) and VIII (Design Standards) to establish a design review process and to define projects requiring design review relating to existing design review standards in the DSP; and/or
5. Directing staff to prepare an amendment to the DSP Section VII (Parking) regarding parking requirements for Non-profit Museum uses; and/or
6. Discussing and formulating potential recommendations regarding the preparation of amendments to parking standards in the DSP and/or the Parking In-Lieu Fee Program; and/or
7. Alternatively, discuss and take other possible action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
2. Downtown Subcommittee membership
3. Public parking lot sign re-branding examples
4. Parking options survey

ORIGINATED BY:  Paul Samaras, Acting Planning Manager
REVIEWED BY:  Sam Lee, Director of Planning and Building Safety
APPROVED BY:  Sam Lee, Director of Planning and Building Safety
INTRODUCTION:

The purpose of this report is to: (1) present to the Planning Commission the recommendations and feedback from the Downtown Subcommittee and (2) obtain the Planning Commission’s feedback on potential amendments to the Downtown Specific Plan.

BACKGROUND AND DISCUSSION:

Background

On June 11, 2015, staff requested input from the Planning Commission on the six potential amendments to the Downtown Specific Plan listed above. The Planning Commission gave staff input on each of the potential amendments, which was subsequently presented to the City Council for consideration (see attached City Council Report). On July 21, 2015, the City Council reviewed the Planning Commission’s and staff’s recommendations and appointed a subcommittee to further study the potential amendments to the Downtown Specific Plan.

The subcommittee met five times:
November 2, 2015
November 30, 2015
December 14, 2015
January 25, 2016
February 29, 2016

The following discussion includes: a) a description of each potential amendment, b) the Planning Commission’s initial recommendations on each potential amendment, and c) the subcommittee’s input and recommendations on each of the potential amendments.

Discussion

1. Tinted or Reflective Glass on Storefront Window in the Downtown Specific Plan (DSP) Area

Description
Downtown Specific Plan (DSP) Section VIII (Design Standards) states that “storefront windows shall be clear glass, neither tinted nor reflective.” The intent of this and other façade-related provisions, as stated in DSP Section VIII (Design Standards) is to provide transparency between the street and store interiors, which helps to maintain the pedestrian-friendly character of the downtown. The Downtown Specific Plan allows the use of street trees, awnings, and arbors to provide shade for storefronts and to reduce glare caused by direct sunlight exposure.

Staff recommendation: Consider modifying or removing the restriction on the use of tinted glass on storefront windows (as required in DSP § VIII(A)(4)(a)(i)(bb)(ii)(cc) and (dd)).
### Planning Commission recommendation:

In favor of relaxing or eliminating the window tinting restriction and giving the Planning and Building Safety Director more discretion on the issue, but not in favor of relaxing or eliminating the restriction on reflective glass on windows.

### Downtown Subcommittee recommendation:

Agreed on a **50% minimum transparency level**, with storefront windows that are less transparent approved through an administrative adjustment process by the Director of Planning and Building Safety.

### 2. Additional Signs for Non-Street Front Uses in the DSP Area

**Description**

DSP Section VIII (Design Standards) states that "Perpendicular/Pedestrian signage may be used for non-street fronting businesses and shall be no more than nine square feet." In addition, DSP Section VIII allows "a maximum of two square feet of lettered/logo and/or icon painted directly onto the entrance (without a background)." The signs permitted for non-street front businesses are part of an overall limit of 25 square feet per lot. The intent of these and other sign-related provisions in the DSP is to allow for attractive signs in scale with existing buildings that preserve the pedestrian-friendly character of the downtown and serve as invitations for people to enter and patronize stores and restaurants.

**Staff recommendation:**

Consider amending the DSP to address these challenges for non-street front uses that have limited opportunities for signage.

**Planning Commission recommendation:**

In favor of allowing additional, but limited signage on non-street fronting building elevations. It directed staff to set a specific limit that would be proportionate with the size and scale of the buildings and the size limits of signage allowed in the DSP, but to allow flexibility for the Planning Commission to review and approved signage that exceeds those limits.

**Downtown Subcommittee recommendation:**

Agreed to allow **one directory sign on the side of the building** not facing the street. The sign size would be based on the length of the building along the street side (frontage).

### 3. Building height limit and setback requirement along street-side property lines in the DSP Area

**Description**
DSP Section VI (Development Standards) states that “To the extent a building exceeds 30 feet in height, the front portion of the building that exceeds 30 feet in height must be setback 25 feet from the front property line.” This requirement was added to the Specific Plan’s development standards in 2006 to address a concern about the height and mass of buildings along street frontages (especially Main Street) and the potential “canyonization effect” of three-story buildings that do not have a minimum required setback on the third floor. The intent of this provision is to maintain lower building heights and a more pedestrian scale of development along the street. In addition, this height limitation and setback requirement is consistent with the existing development along Main Street and Richmond Street, where buildings located adjacent to the street are primarily single-story.

**Staff recommendation:**
Consider amending the DSP to make one of the following changes to clarify this issue: 1) to specifically state that the same standard applies to buildings and structures along street-facing side property lines as is applied to front setbacks; or 2) to apply a modified standard that is either more or less restrictive for building frontages along street-facing side property lines than for front property lines in the DSP with clarification as to which the Commission recommends.

**Planning Commission recommendation:**
In favor of establishing an additional setback for buildings exceeding 30 feet in height along street-facing side property lines particularly since most lots in the Downtown are small and narrow. The Commission expressed concern that such a standard would reduce the property rights and value of corner lots in the DSP however they did request more information regarding this issue and lot sizes.

**Downtown Subcommittee recommendation:**
Agreed that the 25-foot step-back requirement should apply only to the front setback.

4. Design review process in the Downtown Specific Plan (DSP) Area

**Description**
Downtown Specific Plan (DSP) Section VIII (Design Standards) regulates the design of development of both public and private property. The provisions regarding public property affect street configuration, street parking, alley treatments, public sidewalks, paving, façade design, lighting, and signage. In addition, in 2008, the City Council adopted an Architectural/Design Review fee (Resolution 4574, October 21, 2008) to pay for the cost reviewing individual projects for consistency with the Downtown Specific Plan (DSP) Design Standards. However, the Downtown Specific Plan did not establish a Design Review process to property implement these standards.
Staff recommendation: Consider amending the DSP as follows: 1) to establish a ministerial, an administrative, and/or a Planning Commission-level process for design review; and 2) to determine the types of projects that require either level of design review to implement the existing DSP design standards.

Planning Commission recommendation: In favor of establishing a more defined design review process and clearly defining which project types that would require each type of review.

Downtown Subcommittee recommendation: Agreed to setting thresholds for projects that would require ministerial, administrative, and/or Planning Commission review.

5. Parking for Non-profit Museum Uses in the Downtown Specific Plan (DSP) Area

Description
Properties in the downtown are generally comprised of small substandard lots (commonly 3,125 square feet in size) and many of those properties have little or no parking on site. Additionally, providing parking on site frequently is not feasible because lots are typically too narrow (25 feet in width) to provide sufficient stall length and aisle width to allow vehicle back up and maneuvering. Non-profit museums provide a public benefit to the community in that they provide the community access to art and other educational exhibits. In addition, museums are destination uses that attract visitors to the Downtown who typically visit other retail and restaurant uses on the same trip and help support the business community in the Downtown. Museums frequently operate on a more limited schedule than typical businesses and operate during off peak hours such as evenings and weekends when some Downtown uses such as general offices and medical/dental offices are closed. This makes it likely that more street parking is available.

Currently, the City has one museum in the Downtown, the El Segundo Museum of Art (ESMOA). Based upon the size of the museum, nine (9) parking spaces are required in the DSP parking standards. ESMOA cannot provide the parking spaces on site. The museum arranged for the use of nine (9) parking spaces in the Chevron surface parking lots located on the 100 block of Main Street just north of El Segundo Boulevard (southeast corner) during nights and weekends when ESMOA is open to the public and conducts events. However this does not meet the City’s requirements for the parking spaces to be available at all times and such off-site parking requires a parking covenant. The museum is not open to the general public during weekdays except by special appointment and has a small staff that does not work extensive hours. As a result, ESMOA does not compete with other office uses for street parking and has limited need to provide parking except for weekends and special events conducted limitedly on Friday nights and weekends. Staff believes that the actual parking demand could be met through a combination of changes to the parking requirements for Non-Profit Museums in the DSP.
Staff recommendation: Consider amending the DSP: 1) to modify or eliminate the parking requirements for Non-Profit Museums in the manner described above; and/or 2) to amend the Parking In-Lieu Fee Program to allow the waiver of some or all of the fees.

Planning Commission recommendation: Not in favor of waiving/discounting the parking in-lieu fees or of eliminating the parking requirements for nonprofit museums. The Planning Commission had concerns regarding reducing parking requirements, but did express support for the possibility of allowing a tailored parking program that could include the use of valet parking and off-site parking such as at Chevron (without a parking covenant) for large events and possibly a parking reduction during hours the museum is not conducting large events based upon analysis through a parking demand study.

Downtown Subcommittee recommendation: Agreed to an amendment to the Downtown Specific Plan to eliminate parking requirements for non-profit museums similar to ESMoA, subject to operational restrictions. The amendment should also take into account the impacts to future occupants.

6. Parking and the Parking In-Lieu Fee Program in the Downtown Specific Plan (DSP) Area

Description
The Parking In-Lieu Fee Program is intended to allow property owners to pay a fee instead of providing additional parking for new construction or additions to existing buildings. The current fee is set at $17,500 per parking space. The intent of the program is to encourage expansion of existing businesses, the attraction of new businesses, and the physical improvement of properties in the downtown area. The Parking In-Lieu Fee Program was added in 2003 to the DSP to supplement existing parking incentives contained in the Specific Plan. In the last few years, as more businesses/properties have taken advantage of the DSP parking incentives, other businesses, residents, and the Planning Commission have expressed concerns regarding the lack of parking in the downtown area.

Staff recommendation: Consider building upon the existing parking management plan, which is part of the DSP, and expand it to pursue additional options for increasing the parking supply and/or managing the parking demand in the downtown area. The options may range from amending existing DSP regulations...
regarding parking to making physical improvements. Accordingly:

a. Discuss and formulate recommendations regarding the preparation of amendments to parking standards in the DSP and/or the Parking In-Lieu Fee Program as a collective body;
b. Appoint a subcommittee to discuss and formulate recommendations regarding the preparation of such amendments, subject to City Council direction;
c. Not recommend any changes to the parking standards in the DSP and the Parking In-Lieu Fee Program; and/or
d. Take an alternative action.

Planning Commission recommendation: In favor of pursuing amendments to the parking standards in the Downtown Specific Plan and the Parking In-Lieu Fee Program. Additionally, the Planning Commission expressed an interest in forming a subcommittee to work with staff on these issues.

Downtown Subcommittee recommendation:

The Downtown Subcommittee held discussions regarding parking at three of its meetings. Below is a list of some of the topics discussed and areas of agreement:

a. The parking problem in the Downtown is primarily one of management of existing parking, rather than a lack of supply. So, the City should focus on managing the existing supply of parking, which includes several surface public parking lots and a parking structure.
b. The City should prioritize the implementation of the Master Bicycle Plan goals for the Downtown area. This will encourage more bicycle traffic instead of vehicular traffic.
c. Focus on enforcement of restrictions for on-street parking.
d. Promote and improve visibility of the public parking lot at the northeast corner of Main Street and Grand Avenue.
e. Improve signage for public parking lots and particularly for the parking structure. The signage for the structure is confusing in that it appears to reserve parking only for the 99-cent store.

A member of the subcommittee who works in design/ adipvertising volunteered some time to prepare examples of new signage/branding for the public parking lots in the downtown area. The examples are attached to this report.

Other suggestions for improving parking were to:
a. Allow more residential uses in the Downtown Specific Plan area (currently one unit (above commercial uses) per lot is permitted).
b. Extend restriping efforts to more streets (angled parking).
c. Extend restriping efforts to more streets (convert streets to one-way traffic)
d. Consider eliminating the Parking In-Lieu Fee Program north of Grand Avenue.
e. Utilize the Chevron parking lots along El Segundo Boulevard.
f. Review and expand the use of the downtown shuttle.
g. Reduce parking incentives for certain uses, such as medical offices.
h. Make the employee parking lot at the corner of Main Street and Grand Avenue available to the public at all times. Currently it is reserved for employee parking on weekdays during working hours.
i. Research and evaluate the use of metered on-street parking.
j. Devote more resources to enforcing current on-street parking restrictions.
k. Establish a Business Improvement District (BID) to help pay for parking improvements and/or enforcement.

At the conclusion of the subcommittee’s work, staff prepared a survey of parking improvement options and asked the subcommittee members to complete the survey. Although the survey response rates were low, there was agreement on some of the suggested improvement options, including the following:

a. Encourage ridesharing, carpooling, use of alternative transport, and other demand reduction measures.
b. Allow and facilitate shared parking or off-site parking arrangements.
c. Study and implement valet services (valet permits).
d. Restripe more public parking lots to increase the number of parking spaces the lots can accommodate.
e. Add more bicycle parking in the Downtown Specific Plan area (on public property).
f. Prioritize Implementation of the approved Bicycle Master Plan in the Downtown area (Bike routes, striping, signage, etc.).
g. Promote public parking lots through signage, maps, internet, etc.
h. Study and expand shuttle service.

The survey included several other options to reduce the parking demand, increase the parking supply, and to manage the existing parking supply. A copy of the parking options survey is attached to this report.

Conclusion

Staff believes that there is substantial agreement regarding the first five topics discussed in this report. Staff is in the process of drafting an Ordinance to address the first five of the topics discussed in this report where there is agreement between the Planning Commission’s and the Downtown Subcommittee’s recommendations.

Staff received valuable input from the Downtown Subcommittee on the parking issue and the Parking In-lieu Fee Program. However, further study will be required to evaluate and prioritize some of the parking solutions proposed by the Downtown subcommittee.
RECOMMENDATION:

Staff recommends that the Planning Commission direct staff to: a) continue its work and prepare amendments to the DSP regarding the first five topics discussed above and b) study the parking solutions proposed by the Downtown subcommittee and present specific options and priorities to the Planning Commission for consideration at a future date.
AGENDA DESCRIPTION:
Consideration and possible action regarding potential amendments to the Downtown Specific Plan (DSP) regarding: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) building height limit along street-side property lines; (4) design review process of projects relating to existing design review standards in the DSP; (5) parking requirements for Non-Profit Museums in the DSP area; and/or (6) parking and the Parking-In-Lieu Fee Program in the DSP and review and potential formulation of recommendations relating to parking issues in the DSP. (Fiscal Impact: None)

RECOMMENDED COUNCIL ACTION: It is recommended that the City Council consider:

1. Directing staff to prepare an amendment to the DSP Section VIII (Design Standards) regarding Tinting or Reflective Glass on Storefront Windows; and/or
2. Directing staff to prepare an amendment to the DSP Section VIII (Design Standards) regarding Signs for Non-Street Front Uses; and/or
3. Directing staff to prepare an amendment to the DSP Section VI (Development Standards) regarding building height along street-side property lines; and/or
4. Directing staff to prepare an amendment to the DSP Sections V (Administration) and VIII (Design Standards) to establish a design review process and to define projects requiring design review relating to existing design review standards in the DSP; and/or
5. Directing staff to prepare an amendment to the DSP Section VII (Parking) regarding parking requirements for Non-profit Museum uses; and/or
6. Establishing a subcommittee to formulate potential recommendations regarding the preparation of amendments to parking standards in the DSP and/or the Parking In-Lieu Fee Program; and/or
7. Alternatively, discuss and take other possible action related to this item.

ATTACHED SUPPORTING DOCUMENTS:

1. Excerpts from the Downtown Specific Plan.

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ORIGINATED BY: Kimberly Christensen, AICP, Planning Manager

REVIEWED BY: Sam Lee, Director of Planning and Building Safety

APPROVED BY: Greg Carpenter, City Manager
INTRODUCTION:

The purpose of the following report is two-fold: (1) to bring several matters regarding the DSP to the City Council’s attention and for possible action and (2) per the Planning Commission’s direction, to present information regarding parking in the downtown and options for the City Council’s consideration.

BACKGROUND AND DISCUSSION:

I. Background and Discussion
   
   A. Downtown Specific Plan (DSP) Background

   History and Intent. The Downtown Specific Plan (DSP) was established on August 1, 2000 with the adoption of Ordinance No. 1319. The DSP was the culmination of a multi-year visioning effort to help revitalize the downtown area. The effort was led by a Downtown Task Force of community and business leaders appointed by the City Council. The Task Force developed a Vision Statement and a Downtown Philosophy and Concept, which were incorporated in the adopted Specific Plan (see attached excerpts). The two statements emphasize improving the physical appearance of the downtown area, maintaining and enhancing “village” and pedestrian character, carefully considering the preferred mix of uses (retail, office, and residential) and strategically using key parcels in the downtown area.

   Amendments. Since its adoption, the Downtown Specific Plan (DSP) has been amended several times and those amendments are summarized in the following table.

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<th>Ordinance/Number</th>
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<th>Description</th>
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<td>Ordinance No. 1336</td>
<td>May 15, 2001</td>
<td>To allow tenant/business owner residential uses above the street-front level.</td>
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<td>Resolution No. 4339</td>
<td>November 5, 2003</td>
<td>To establish a parking in-lieu fee of $17,500 per space.</td>
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<td>Ordinance No. 1368</td>
<td>November 18, 2003</td>
<td>To add a parking in-lieu fee program for additions to existing buildings or construction of new buildings.</td>
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<td>Resolution No. 4347</td>
<td>December 2, 2003</td>
<td>To set a temporary parking in-lieu fee of $2,500 per space for a period of six months and $17,500 thereafter.</td>
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<td>Resolution No. 4382</td>
<td>July 20, 2004</td>
<td>To set a temporary parking in-lieu fee of $12,500 per space for a period of one (1) year and $17,500 thereafter.</td>
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<td>Ordinance No. 1387</td>
<td>November 15, 2005</td>
<td>The expansion of the DSP to include properties in the 200 block of West Grand Avenue.</td>
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<td>Ordinance No. 1400</td>
<td>October 3, 2006</td>
<td>To modify building front setback restrictions for the portion of buildings exceeding 30 feet in height.</td>
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<td>Resolution No. 4599</td>
<td>June 2, 2009</td>
<td>To allow the payment of in-lieu fees over a period of time not to exceed twenty (20) years (payment plan).</td>
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<td>Ordinance No. 1429</td>
<td>June 2, 2009</td>
<td>To incorporate provisions for temporary and permanent outdoor uses and establish procedures for making parking in-lieu payments.</td>
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<tr>
<td>Ordinance No. 1447</td>
<td>October 5, 2010</td>
<td>To amend the permitted and conditionally permitted uses to allow Assembly Hall uses as conditionally permitted uses.</td>
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B. Potential Amendments to the DSP

1. Tinted or Reflective Glass on Storefront Window in the Downtown Specific Plan (DSP) Area

Downtown Specific Plan (DSP) Section VIII (Design Standards) states that “storefront windows shall be clear glass, neither tinted nor reflective.” The intent of this and other façade-related provisions, as stated in DSP Section VIII (Design Standards) is to provide transparency between the street and store interiors, which helps to maintain the pedestrian-friendly character of the downtown. The Downtown Specific Plan allows the use of street trees, awnings, and arbors to provide shade for storefronts and to reduce glare caused by direct sunlight exposure.

Staff recommends modifying or removing the restriction on the use of tinted glass on storefront windows (as required in DSP § VIII(A)(4)(a)(i)(bb)(ii)(cc) and (dd)). Many businesses use tinted glass to reduce sunlight and glare impacts that affect the interior of their businesses. In some cases, businesses are on streets with an orientation that exposes them to direct sunlight virtually the entire day which can present a variety of operational impacts. Alternative solutions such as the use of awnings and landscaping to help address light and glare issues may not always solve the entire problem and can also inhibit the ability to install signs that have sufficient visibility. Most businesses in the downtown are on small lots with limited street frontage (typically 25 feet wide) for signage opportunities. Additionally, tinted glass may also be used as an integral element of the architectural design that can add visual interest to a building.
Staff believes that the use of lightly tinted or colored glass can reduce sunlight and glare impacts and still achieve the intended result of allowing pedestrians to see into businesses. In addition, tinted and/or colored glass can better meet the energy efficiency requirements of the 2013 California Energy Code (Table 140.3-C regarding U factors and solar heat gain coefficients). Furthermore, the use of tinted and/or colored glass helps to reduce the energy needs of commercial businesses, particularly air conditioning costs, is consistent with the General Plan Air Quality Element Goal AQ12 “Reduction in Residential, Commercial, and Industrial Energy Consumption” and is consistent with Air Quality Element Policy AQ12-1.2 which states “It is the policy of the City of El Segundo that the City encourage the incorporation of energy conservation features in the design of new projects and the installation of conservation devices in existing developments.” Staff believes that modifying the language to allow this change and/or to allow the change subject to review and approval by the Planning and Building Safety Director is reasonable. Alternatively, if the Council feels that the use of tinted glass is no longer of significant concern, the restriction can be eliminated entirely.

**Planning Commission Discussion.** The Planning Commission was in favor of relaxing or eliminating the window tinting restriction and giving the Planning and Building Safety Director more discretion on the issue. The Planning Commission was not in favor of relaxing or eliminating the restriction on reflective glass on windows.

2. Additional Signs for Non-Street Front Uses in the DSP Area

DSP Section VIII (Design Standards) states that “Perpendicular/Pedestrian signage may be used for non-street fronting businesses and shall be no more than nine square feet.” In addition, DSP Section VIII allows “a maximum of two square feet of lettered/logo and/or icon painted directly onto the entrance (without a background).” The signs permitted for non-street front businesses are part of an overall limit of 25 square feet per lot. The intent of these and other sign-related provisions in the DSP is to allow for attractive signs in scale with existing buildings that preserve the pedestrian-friendly character of the downtown and serve as invitations for people to enter and patronize stores and restaurants.

Several business owners have recently expressed their concern that the permitted signs for non-street front uses cannot adequately advertise their business and attract patrons for the following reasons: 1) there are other existing signs or obstructions (trees, awnings, etc.) that would limit the visibility of a perpendicular sign; 2) a building may have already used the maximum permitted sign area (25 square feet), which would prevent the addition of new signs; 3) some businesses may not have any external building frontage; and 4) some multi-tenant buildings do not have side entrances, which eliminates the second option (discussed above) for signs over a side entrance. Consequently, several business owners have requested that the City consider permitting more sign types and a higher maximum area permitted for signs on non-street front uses. Staff recommends that the City Council consider an amendment to the DSP to address these challenges for non-street front uses that have limited opportunities for signage.

**Planning Commission Discussion.** The Planning Commission was in favor of allowing additional, but limited signage on non-street fronting building elevations. It directed staff to set a specific limit that would be proportionate with the size and scale of the buildings.
and the size limits of signage allowed in the DSP, but to allow flexibility for the Planning Commission to review and approved signage that exceeds those limits.

3. Building height limit and setback requirement along street-side property lines in the DSP Area

DSP Section VI (Development Standards) states that "To the extent a building exceeds 30 feet in height, the front portion of the building that exceeds 30 feet in height must be setback 25 feet from the front property line." This requirement was added to the Specific Plan's development standards in 2006 to address a concern about the height and mass of buildings along street frontages (especially Main Street) and the potential "canyonization effect" of three-story buildings that do not have a minimum required setback on the third floor. The intent of this provision is to maintain lower building heights and a more pedestrian scale of development along the street. In addition, this height limitation and setback requirement is consistent with the existing development along Main Street and Richmond Street, where buildings located adjacent to the street are primarily single-story.

Staff has recently received inquiries from property owners for the development of corner properties with frontage on two intersecting streets. Based on the current DSP Development Standards, the height restriction and setback requirement discussed above applies only to front property line. Staff is concerned that the 2006 amendment did not address the intent for street-facing side property lines as to whether these street-facing side setbacks for buildings and structures should be the same or different than front setbacks for buildings and structures. Therefore, staff suggests that the City Council consider an amendment to the DSP to make one of the following changes to clarify this issue: 1) to specifically state that the same standard is applied to buildings and structures along street-facing side property lines as is applied to front setbacks; or 2) to apply a modified standard that is either more or less restrictive for building frontages along street-facing side property lines than for front property lines in the DSP with clarification as to which the Council recommends.

Planning Commission Discussion. The Planning Commission was generally not in favor of establishing an additional setback for buildings exceeding 30 feet in height along street-facing side property lines particularly since most lots in the Downtown are small and narrow. The Commission expressed concern that such a standard would reduce the property rights and value of corner lots in the DSP however they did request more information regarding this issue and lot sizes.

4. Design review process in the Downtown Specific Plan (DSP) Area

Downtown Specific Plan (DSP) Section VIII (Design Standards) regulates the design of development of both public and private property. The provisions regarding public property affect street configuration, street parking, alley treatments, public sidewalks, paving, façade design, lighting, and signage. In addition, in 2008, the City Council adopted an Architectural/Design Review fee (Resolution 4574, October 21, 2008) to pay for the cost reviewing individual projects for consistency with the Downtown Specific Plan (DSP) Design Standards. However, the Downtown Specific Plan did not establish a Design Review process to property implement these standards.
Staff recommends that the City Council consider an amendment to the DSP as follows: 1) to establish a ministerial, an administrative, and/or a Planning Commission-level process for design review; and 2) to determine the types of projects that require either level of design review to implement the existing DSP design standards.

**Planning Commission Discussion.** The Planning Commission was in favor of establishing a more defined design review process and clearly defining which project types that would require each type of review.

5. Parking for Non-profit Museum Uses in the Downtown Specific Plan (DSP) Area

Properties in the downtown are generally comprised of small substandard lots (commonly 3,125 square feet in size) and many of those properties have little or no parking on site. Additionally, providing parking on site frequently is not feasible because lots are typically too narrow (25 feet in width) to provide sufficient stall length and aisle width to allow vehicle back up and maneuvering. Non-profit museums provide a public benefit to the community in that they provide the community access to art and other educational exhibits. In addition, museums are destination uses that attract visitors to the Downtown who typically visit other retail and restaurant uses on the same trip and help support the business community in the Downtown. Museums frequently operate on a more limited schedule than typical businesses and operate during off peak hours such as evenings and weekends when some Downtown uses such as general offices and medical/dental offices are closed. This makes it likely that more street parking is available.

Currently, the City has one museum in the Downtown, the El Segundo Museum of Art (ESMOA). Based upon the size of the museum, nine (9) parking spaces are required in the DSP parking standards. ESMOA cannot provide the parking spaces on site. The museum arranged for the use of nine (9) parking spaces in the Chevron surface parking lots located on the 100 block of Main Street just north of El Segundo Boulevard (southeast corner) during nights and weekends when ESMOA is open to the public and conducts events. However this does not meet the City’s requirements for the parking spaces to be available at all times and such off-site parking requires a parking covenant. The museum is not open to the general public during weekdays except by special appointment and has a small staff that does not work extensive hours. As a result, ESMOA does not compete with other office uses for street parking and has limited need to provide parking except for weekends and special events conducted limitedly on Friday nights and weekends. Staff believes that the actual parking demand could be met through a combination of changes to the parking requirements for Non-Profit Museums in the DSP.

The City Council could consider an amendment to the Downtown Specific Plan (DSP) Section VII regarding parking for Non-Profit Museums to: reduce the number of parking spaces required for Non-Profit Museums (with or without a Parking Demand Study); and/or allow off-site parking at the Chevron lot or similar property for a limited number of evening and/or weekend events per year without the requirement of a parking covenant (Staff recommends a maximum of 12 events); and/or allow the use of the Parking In-Lieu Fee Program to meet the parking requirements but waive the payment of the Parking In-
Lieu Fee for the Non-Profit Museum; or eliminate parking requirements for Non-Profit Museums.

Due to the unique operation and limited hours of the museum, the public benefit provided, and the availability of public parking to meet the needs of the museum, staff recommends that the City Council consider an amendment to the Downtown Specific Plan (DSP) Section VII (Parking) to modify the parking requirements for Non-Profit Museums in the manner described above and/or to amend the Parking In-Lieu Fee Program to allow the waiver of some or all of the fees. Greater detail regarding the general DSP parking requirements and Parking In-Lieu Fee Program are outlined in Item No. 6 below.

Planning Commission Discussion. The Planning Commission was not in favor of waiving/ discounting the parking in-lieu fees or of eliminating the parking requirements for nonprofit museums. The Planning Commission had some concerns regarding reducing parking requirements as well but did express support for the possibility of allowing a tailored parking program that could include the use of valet parking and off-site parking such as at Chevron (without a parking covenant) for large events and possibly a parking reduction during hours the museum is not conducting large events based upon analysis through a parking demand study.

6. Parking In-Lieu Fee Program in the Downtown Specific Plan (DSP) Area

The Parking In-Lieu Fee Program is intended to allow property owners to pay a fee instead of providing additional parking for new construction or additions to existing buildings. The current fee is set at $17,500 per parking space. The intent of the program is to encourage expansion of existing businesses, the attraction of new businesses, and the physical improvement of properties in the downtown area. The Parking In-Lieu Fee Program was added in 2003 to the Downtown Specific Plan to supplement existing parking incentives contained in the Specific Plan. Those existing incentives are summarized below:

a) Residential uses. No additional parking for tenant/business owner-occupied residential units above commercial uses.

b) Restaurants and outdoor dining areas. No parking is required for restaurants less than 500 square feet in size, which do not provide sit-down eating accommodations (take-out), or for outdoor uses including dining and gathering areas, up to 200 square feet.

c) Existing Buildings with Permitted Uses. Existing uses in an existing building may change to any other use enumerated in the Permitted Uses section of the applicable Specific Plan District without providing additional on-site parking spaces.

d) Parking Demand Study. The Director of Planning and Building Safety may modify the required number of parking spaces or approve joint use or off-site parking, for fewer than 10 spaces, based on the submittal of a parking demand study. Reductions of 10 or more spaces require Planning Commission approval. (Section VII - Parking)

e) Historic Preservation. Additions to commercial structures identified as Historically Significant (DSP Exhibit 7) may add up to 50 percent of the existing floor area, not to exceed 500 square feet, without providing additional parking (See attached DSP excerpts).
C. Information regarding Parking and available Options.

In the last few years, as more businesses/properties have taken advantage of the DSP parking incentives, other businesses, residents, and the Planning Commission have expressed concerns regarding the lack of parking in the downtown area. In 2014, the Planning Commission directed staff to relay these concerns to the City Council, which staff did. In a recent Planning Commission meeting, the Commission expressed concern again about these issues and directed staff to present information regarding parking in the downtown at a subsequent meeting.

In response to the Planning Commission’s direction, staff presented the history and intent of the DSP which is described earlier in this report, including some of the parking-related incentives in Section VII (Parking) of the DSP. In addition to these incentives, Section IX (Implementation and Financing) outlined the elements of a parking management plan for the Downtown Specific Plan area. The DSP anticipated that as the area is revitalized over time that the parking demand would increase and put a strain on the available supply. The proposed parking management plan contained short-term, medium term, and long term options, which are summarized in the table below:

<table>
<thead>
<tr>
<th>Options Pursuant to Parking Management Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Short-term</strong></td>
</tr>
<tr>
<td>• Create Visitor Parking Information</td>
</tr>
<tr>
<td>• Implement a Shared Use Parking Program</td>
</tr>
<tr>
<td>• Establish Baseline Parking Ratios for the Downtown as a Whole and Monitor over Time</td>
</tr>
<tr>
<td>• Enhance Directional Signage</td>
</tr>
<tr>
<td><strong>Medium-term</strong></td>
</tr>
<tr>
<td>• Implement Trial Period Shared Valet Parking Program During Peak Season</td>
</tr>
<tr>
<td>• Add Angled On-street Parking</td>
</tr>
<tr>
<td><strong>Long-term</strong></td>
</tr>
<tr>
<td>• Install Parking Meters to Manage Parking Turnover and Raise Revenues for Parking Improvements</td>
</tr>
<tr>
<td>• While Implementing Parking Management Strategies, Continue to Investigate Costs and Feasibility of Added Parking</td>
</tr>
</tbody>
</table>

The options listed above are discussed in detail in Section IX (Implementation and Financing) of the DSP. The City has not fully implemented a parking management plan as outlined in the DSP. However, it has taken steps to implement some of the options, such as the addition of on-street parking on Richmond Street and a related study to add more on-street parking in or around the downtown area.
Staff believes that the City can build upon the parking management plan which is part of the DSP and expand it to pursue additional options for increasing the parking supply and/or managing the parking demand in the downtown area. The options may range from amending existing DSP regulations regarding parking to making physical improvements. Accordingly, the City Council may take one or more of the following options:

1. Discuss and formulate recommendations regarding the preparation of amendments to parking standards in the Downtown Specific Plan and/or the Parking In-Lieu Fee Program as a collective body;
2. Appoint a subcommittee to work with staff to discuss and formulate recommendations regarding the preparation of such amendments;
3. Not recommend any changes to the parking standards in the DSP and the Parking In-Lieu Fee Program; and/or
4. Take alternative action.

Planning Commission Discussion. The Planning Commission is in favor of pursing amendments to the parking standards in the Downtown Specific Plan and the Parking In-Lieu Fee Program. Additionally, the Planning Commission expressed an interest in forming a subcommittee to work with staff on these issues.

Historically, subcommittees have always been approved and appointed by the City Council. If the City Council chooses to form a subcommittee, the subcommittee will work with staff on these issues and report back to the entire Commission and the City Council at a future date.

II. Conclusion and Recommendation

The Planning and Building Safety Department recommends that the Council consider directing staff to prepare several amendments to the DSP pursuant to Planning Commission's recommendations including: 1) Tinting Glass on Storefront Windows; and/or 2) Signs for Non-Street Front Uses; and/or 3) building height along street-side property lines; and/or 4) establishing a design review process and defining which types of projects require design review; and/or 5) parking requirements for Non-profit Museum uses; and/or 6) to appoint a subcommittee to formulate potential recommendations regarding the preparation of amendments to parking standards in the DSP and/or the Parking In-Lieu Fee Program; and/or 7) alternatively, discuss and take other possible action related to this item.
I. INTRODUCTION

A. Specific Plan Project Description

The proposed project is a Specific Plan for the Downtown area of El Segundo. The Plan envisions a ten-year horizon for planning and development purposes. Although the Plan will not "expire" in ten-years, it is anticipated that the goals of the Plan will be achieved within the ten-year planning horizon, and that the Plan will be re-evaluated, updated and revised, if necessary, after ten years. The project includes a General Plan Amendment (GPA 99-2), a Zone Change (ZC 99-2) and a Zone Text Amendment (ZTA 99-5). The Downtown Specific Plan encompasses the majority of the Downtown Commercial (C-RS) Zone, as well as the Civic Center Complex, which is zoned Public Facilities (P-F). The Plan area is generally located west of Sepulveda Boulevard and north of El Segundo Boulevard (Exhibits 1-3). El Segundo's Downtown is the heart of the community. Due to its location within the community and distance from regional arterials, Downtown remains a small, distinct district approximately two blocks by five blocks in size.

The Plan area is currently developed with commercial, residential and public uses, and future development is anticipated to be similar in nature. The entire Specific Plan area is approximately 26.3 acres in size. The majority of the lots within the Specific Plan area are 25 feet wide by 140 feet deep, 3500 square feet in area, although many of the lots have been combined and developed under common ownership.

In general, the purpose of the Specific Plan is to provide the opportunity to implement the Vision of the community for the Downtown; to enhance the quality small town environment that the residents currently enjoy. The Plan provides this opportunity by the adoption of new development standards, design regulations, and other criteria. The City Council initiated the preparation of a Specific Plan in response to concerns and requests from the community to enhance the Downtown environment that the residents value so highly.

The Specific Plan will provide land use and development standards for the area including, but not limited to, standards for heights, setbacks, density, lot area, outdoor uses, landscaping, parking, loading, circulation and signage. Design standards will also be included within the Specific Plan to regulate site development, street configurations, streetscape (sidewalks, street furniture, bus stops, bicycles), landscaping, lighting (street and pedestrian, decorative and security), architecture and signage. The Specific Plan is divided into six Districts, each having distinct characteristics and standards. Two related projects, which are currently separately underway, are the update of the City's Circulation and Housing Elements.

The current and proposed development standards allow a commercial density or floor area ratio (FAR) of 1.0:1. An example of a FAR or density of 1.0:1 is a 3,500 square foot lot would allow a 3,500 square foot building. One strategic site, the City parking lot (17,500 square feet in area) on the northeast corner of Richmond Street and Franklin Avenue, in the 200 block of Richmond Street, is proposed to allow a 1.5:1 FAR. The Specific Plan area currently has approximately 560,000 square feet of commercial uses. For this evaluation, a ten-year horizon was used with an addition of 271,814 square feet of new commercial uses. This is 24% of the maximum 1,123,848 square feet of total build-out allowed by the current zoning and General Plan.

The current zoning allows a maximum of 276 dwelling units within the Plan area. This equates to one unit per 25 foot wide lot (12.5 dwelling units per acre), not including the Civic Center site. Currently there are approximately 87 residential units in the Plan area.
The final Plan will not allow the development of any new residential units, although the existing units may continue and may be rebuilt if accidentally destroyed.

Two locations for plazas have been identified. One is the existing plaza fronting Main Street at the Civic Center and the other is located to the rear of the Pursell Building, (on the northwest corner of Main Street and Grand Avenue), across the alley from the Grand Avenue District (on the northeast corner of Richmond Street and Grand Avenue). Plazas are intensively used gathering places and serve as the hub for neighborhood activity. They are designed to accommodate resting, eating, strolling and people watching. Plazas are typically ringed by restaurants, galleries and other retail uses. Food service and goods from portable retail carts or wagons are often available within plazas.

As part of a zone change adopted in September 2005, the western boundary of the Downtown Specific Plan was expanded to include several properties on the north and south sides of West Grand Avenue between the alley west of Richmond Street and Concord Street to establish the new "West Grand Avenue Transitional District." The West Grand Avenue Transitional District is added to encompass several properties that are similar in nature to those within the Plan Area by moving the western boundary of the Plan Area to Concord Street. (Ord. 1387, November 15, 2005)
EXHIBIT 1
REGIONAL LOCATION

No Scale
EXHIBIT 3
DOWNTOWN SPECIFIC PLAN

(Ord. 1387, November 15, 2005)
B. Specific Plan Boundary

The Plan area includes the 100-500 blocks of Main Street, the 100-300 blocks of Richmond Street and the abutting property along Grand Avenue. The 200 block of West Grand Avenue between Concord Street and the alley west of Richmond Street was incorporated into the Specific Plan area in September 2005. The alleys to the east and west of Main and Richmond Street form the perimeter boundaries of the Plan area, with the exception of the 300 block east side of Main Street as the Civic Center Complex extends east to Standard Street. (Ord. 1387, November 15, 2005)

The Downtown is divided by three principal streets -Main Street, Grand Avenue, and El Segundo Boulevard. Additionally, three smaller streets-Franklin, Holly and Pine Avenues cross the Plan area, running in an east-west direction. Each of the three principal streets connects to major, region-serving arterials or freeways. El Segundo Boulevard, on the southern boundary of the Plan area, runs in an east-west direction and connects to the I-105 Freeway and to Sepulveda Boulevard. Grand Avenue, an east-west street, connects to Sepulveda Boulevard on the east and the beach to the west. Main Street runs north and south between El Segundo Boulevard and Imperial Highway, which borders Los Angeles International Airport (LAX). Main Street has an 80-foot right-of-way with 12-foot sidewalks and 56 feet of paving, curb to curb. Richmond Street, which runs in a north-south direction and is one block west of Main Street, has a 60-foot right-of-way, with 10-foot sidewalks and 40 feet of street, curb to curb. The I-105 Freeway is north of the Plan area, immediately north of Imperial Highway.

Grand Avenue is one of only two City streets that connects to the beach. It is the principal east-west street in Downtown El Segundo and crosses both Main and Richmond Streets. The portion of Grand Avenue addressed in the Downtown Specific Plan is between Main and Concord Streets. Beyond Concord Street, Grand Avenue crests the hill of an ancient sand dune and disappears from view toward the ocean. Grand Avenue to the west of Concord Street has recently been planted with Cajeput trees to provide a visual welcome to El Segundo.

Grand Avenue is one of the widest streets in the City, having formerly been the early alignment of one of the trolley cars that criss-crossed the region before falling victim to the automobile. The right-of-way is 100 feet in width with 10-foot sidewalks on both sides and an 18-foot center median, including a 4-foot median and 7-foot wide parallel parking areas on each side of the center island. Parallel parking is also provided on both curb lanes.

C. Specific Plan Vision

In November of 1998, a Downtown Task Force of community and business leaders appointed by the City Council presented a 7 page summary report entitled "Developing a Vision for Downtown El Segundo". In July, 1999, the City Council re-formed the Downtown Task Force to develop a Specific Plan and Vision Statement for future development of the Downtown area. The Downtown Task Force conducted numerous meetings, and at its final meeting on February 22,2000 adopted a Specific Plan Concept Document including the following Vision Statement. The Planning Commission reviewed the draft Specific Plan Document, developed from the Task Force concepts, and in May, 2000 recommended approval of the Specific Plan, including the following Vision Statement, to the City Council. The following is the Vision Statement for the Downtown Specific Plan adopted by the Task Force:

City of El Segundo
Downtown Specific Plan

Adopted: August 1, 2000
Downtown Is the heart of El Segundo. It is the focal point for the community and one of the cohesive elements that ties the community together. The Vision -for the Downtown is to:

- Provide a better balance of uses.
- Create a more thoughtful and creative use of public space.
- Organize creative and consistent programming of events and public activities.
- Create a consistent public-private partnership to market El Segundo’s assets to investors and customers.
- Strengthen commitment to the strategic use of key parcels in the Downtown.
- Create more attractive landscaping and street furnishings.
- Improve signage.

D. Downtown Philosophy and Concept

The Downtown Task Force also adopted the following Downtown philosophy and concept, as part of the Specific Plan Concept Document which was adopted on February 22, 2000:

- Service residents, local employees and visitors.
- Maintain a safe and secure environment.
- Maintain architectural and economic diversity with a mix of retail, office, service and residential.
- Maintain and enhance pedestrian friendly environment.
- Enhance the "village" character.
- Enhance the "Midwest-feel" and the "Gaslamp" (San Diego) character.
- Consolidate retail to encourage synergy between businesses and to facilitate pedestrian access.
- Shrink Downtown retail area if supported by market analysis, converting non-core areas to a mix of offices and multi-family residential, to avoid the blight of vacancies.
- Encourage a mixture of uses and "target" uses at strategic sites through financial incentives and pro-active marketing and advertising.
- Encourage preservation of historically significant buildings on Richmond Street.
- Enhance Civic Center Plaza, as the focal point of Downtown.
- Continue to support and expand the farmers market.
- Use design review process to achieve aesthetic goals.
- Establish a Business Improvement District (B.I.D.) -300, 400 & 500 blocks Main Street only.

E. Statutory Authority

California Government Code Sections 65450 through 65457 provide the necessary authorization for the City of El Segundo to prepare and adopt this Specific Plan. Hearings are required by both the Planning Commission and City Council, after which the Specific Plan can be adopted by the Council either by resolution (as policy) or by ordinance (as regulation). This document has been adopted by ordinance as a regulation. In addition to the Planning Commission and City Council public hearings, two Downtown Task Forces of community residential and business representatives held numerous public meetings and provided the groundwork for the Vision Statement and concepts of the Plan.

The Downtown Specific Plan is a regulatory plan which will serve as zoning law for properties within the boundaries of the Plan. All proposed development plans or agreements, tentative or parcel maps, and any other development approvals must be consistent with this Specific Plan and with the General Plan.
The Downtown Specific Plan supersedes other regulations and ordinances of the City for the control of land use and development within the Specific Plan boundaries. The Specific Plan may be amended to further the systematic implementation of the General Plan.
VII. PARKING

1. Purpose-
The purpose of this section is to provide for adequate parking standards, to assure that parking spaces shall be suitably maintained and available for the use of the occupants of the site and to mitigate potential associated on-street parking and traffic circulation problems throughout the Downtown and surrounding areas.

2. General Provisions-
   a. No use or building shall be established, erected, enlarged or expanded unless parking facilities are provided and maintained as required by this Section.
   b. Parking facilities should be designed so that a car within a facility will not have to enter a street to move from one location to any other location within the same facility.
   c. Bumpers or tire stops a minimum 6 inches in height shall be provided in all parking areas abutting a building, structure, sidewalk, planting area, street or alley.
   d. All tandem parking spaces, where allowed, shall be clearly outlined on the surface of the parking facility.
   e. Parking facilities in all Districts shall be designed in such a manner that any vehicle on the property will be able to maneuver as necessary so that it may exit from the property traveling in a forward direction. However, cars may exit onto an alley traveling in a reverse direction.
   f. Where the application of the following cumulative parking schedules results in a fractional space of .5 or greater, the number of required parking spaces shall be rounded up to the next whole number.
   g. No vehicular use area, except driveway access to a property, for any residential use shall be located, in whole or in part, in any required front yard or front two-thirds of any required side yard.
   h. No person, company or organization shall fail to maintain the facilities required to be provided by this Section, or by any applicable provision of prior laws, variance, use permit, or precise plan heretofore or hereafter granted by the Planning Commission or City Council. No required parking shall be utilized in any manner so as to make it unavailable for the occupants, their clients or visitors of a building or use during the hours such building or use is normally occupied except for purposes of utilizing it for Temporary Outdoor Retail Sale Events or Temporary Outdoor Dining in accordance with the requirements of the DSP. This meaning shall not be construed to prohibit security devices.
   i. All permanent on-site parking, loading, or other vehicular use area shall be paved with approved concrete or asphalted concrete. On-site parking areas to be used for no longer than one year shall be surfaced and maintained with an impervious material acceptable to the Director of Planning and Building Safety so as to eliminate dust and mud. All on-site parking areas shall be graded and drained to dispose of all surface water in accordance with the Uniform Building Code.
   j. Any lights provided to illuminate any parking area shall be arranged so as to direct the light away from any residential dwelling unit.
k. Temporary Use Parking. Outdoor Retail Sale Events and Temporary Outdoor Dining are required to provide parking based upon the parking requirements set forth in the DSP during the time period that such use is in operation. To the extent that the Outdoor Retail Sale Events or Temporary Outdoor Dining is located on parking spaces that are otherwise required for other uses located on the property, then in addition to the Temporary Parking spaces required for the Outdoor Retail Events or the Temporary Outdoor Dining, the property owner or tenant is required to provide parking spaced to replace the parking spaces that are being utilized for the Outdoor Retail Sale Event or the Temporary Outdoor Dining. Parking requirements for Temporary Outdoor Retail Sale Events and Temporary Outdoor Dining may be fulfilled by providing sufficient on-site parking, parking through an offsite parking covenant, or by obtaining parking space permits for the City Parking Garage, or any combination of these three options. To utilize Temporary Outdoor Dining, the property owner and tenant, if applicable, must execute an acknowledgement to be recorded in the County Recorder’s Office that the Temporary Outdoor Retail Sale Event or Temporary Outdoor Dining use will cease if at any time the parking requirements are not met, including the event that parking space permits expire and are not re-issued for the City Parking Garage. (Ord. 1429, June 2 2009)

3. Parking Spaces Required-
   The number of parking spaces required for the establishment of a building or use shall be provided and thereafter maintained at the following ratios; provided, however, that for any building or use enlarged or increased in capacity, additional parking facilities shall be required only for such enlargement or increase. Additional parking facilities need not be provided for enlargements or additions to existing residential units. Unless stated otherwise, parking shall be based on net floor area defined in Section 20.08.420 of the El Segundo Municipal Code.

   a. Residential Uses:
      i) Dwelling units/live/work - No additional parking required. People who occupy the residential units will be the ones working in the commercial units, therefore, additional parking spaces would not be needed.

   b. Nonresidential Uses:
      i) Bed and Breakfast Hotels - 1 space for each of the first 100 rooms; % space for each of the next 100 rooms; and % space for each room above 200 rooms.

      ii) Retail, offices, commercial, video arcade, and food-to-go uses - 1 space for each 300 sq. ft. for the first 25,000 sq. ft.; 1 space for each 350 sq. ft. for the second 25,000 sq. ft.; 1 space for each 400 sq. ft. for the area in excess of 50,000 sq. ft. No parking is required for outdoor retail uses including gathering areas (such as outdoor party areas), newsstands, coffee carts and flower stands, up to 200 square feet in area.
iii) **Restaurants** - 1 space for each 75 sq. ft. of dining area, including outdoor dining areas exceeding 200 sq. ft. in area 1 space for each 250 square feet of non-dining areas. No parking is required for restaurants less than 500 sq. ft. which do not provide sit-down eating accommodations, or for outdoor uses including dining and gathering areas, up to 200 sq. ft. in area.

iv) **Bars** - 1 space for each 75 sq. ft., including outdoor areas exceeding 200 sq. ft. in area.

v) **Medical/Dental offices and clinics** - 1 space for each 200 sq. ft.

vi) **Schools** - Daycare, pre-school, elementary, middle school and junior high - 1 space for each classroom, plus 1 space for each employee.

vii) **Schools** - High school - 7 spaces per classroom plus auditorium or stadium parking requirements.

ix) **Schools** - Adult, college, business and trade schools - 1 space for every 50 sq. ft. of gross floor area or 1 space for every 3 fixed seats - whichever is greater.

x) **Places of Public Assembly** (including but not limited to, theaters, auditoriums, banquet facilities, meeting rooms, clubs, lodges and mortuaries) - With fixed seats - 1 space for every 5 seats.* Without fixed seats - 1 space for every 50 sq. ft. of floor area used for assembly purposes.

* Based upon the Uniform Building Code, areas having fixed benches or pews shall have 1 seat for each 18 inches of length. Dining areas shall have 1 seat for each 24 inches of booth length, or major portion thereof.

b. **Compact Parking:**
Compact parking shall not be allowed, except parking spaces provided in excess of the required number may be compact size.

c. **Parking Reductions:**
i) **Parking Demand Study.** The Director of Planning and Building Safety may modify the required number of parking spaces or approve joint use or off-site parking, for fewer than 10 spaces, based on the submittal of a parking demand study. Reductions of 10 or more spaces require Planning Commission approval. Additionally, for any use for which the number of parking spaces is not listed, the Director of Planning and Building Safety or Planning Commission will specify the required number of spaces based on a parking demand study. A parking demand study must include, without limitation, information specifying the number of employees, customers, visitors, clients, residents and owner-occupancy of residence and business (for existing legal non-conforming residential uses), shifts, deliveries, parking spaces, or other criteria established by the Director of Planning and Building Safety. The study may also include the use of valet or attendant parking.

ii) **Parking In-Lieu Fees**
a. The number of parking spaces required by this chapter due to the addition of area to an existing building or the construction of a new building may be reduced by the payment of a parking in-lieu fee established by the City Council resolution from time to time.

b. Any residential unit constructed after the adoption of this program, which is subsequently converted to a non-residential use is required to provide parking as required by this chapter for such use or pay a parking in-lieu fee for the floor area converted to the non-residential use.

c. Except as otherwise provided, the parking in-lieu fee must be paid before the City issues Certificate of Occupancy. Funds collected by the City from such payment must be deposited in a special fund and used only by the City to acquire and or develop additional parking and related facilities which are determined by the City Council to be necessary to serve the downtown. Funds paid to the City for in-lieu parking are non-refundable.

d. For good cause shown, as reasonably determined by the Director of Planning and Building Safety using objective criteria established by City Council resolution, the parking in-lieu fee may be paid over a period of time not to exceed twenty (20) years from the date the City issues a final Certificate of Occupancy. The obligation to pay such in-lieu fee must be secured with appropriate sureties identified by City Council resolution (including, without limitation, a restrictive covenant recorded against real property) and approved as to form by the City Attorney.

e. Parking provided by the City will be developed within or adjacent to boundaries of the Downtown Specific Plan. Payment of a parking in-lieu fee does not provide or vest any property owner with a special right, privilege or interest of any kind in any parking facility that may result from the payment of the fee. There is no guarantee that the City will build parking at any particular time or that it will build parking in a location that will be of advantage to the property owner paying the fee. 

(Ord. 1429, June 2 2009)

4. Mixed Occupancies-In the case of mixed uses in a building or on a site, the total requirements for parking facilities shall be the sum of the requirements for the various uses computed. Parking facilities for one use may be considered as providing required parking facilities for another use, if approved through a parking demand study, a joint-use agreement or another mechanism approved by the Director of Community, Economic and Development Services or the Planning Commission.

5. Parking Area Development Standards-
   a. Stall sizes: Standard stalls shall be 8.5 feet wide by 18 feet deep; Dead-end parking stall or adjacent to an obstruction shall be 10 feet wide by 18 feet deep; compact parking spaces, only allowed for parking in excess of the Code requirements, shall be 8.5 feet wide by 15 feet deep.
   
   b. Aisle widths: Aisle width for angled parking spaces shall not be less than the following:

<table>
<thead>
<tr>
<th>Angles of Parking</th>
<th>Aisle Width Clear</th>
<th>Parking Stall Depth*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parallel to 30 degrees</td>
<td>12 feet</td>
<td>16 feet</td>
</tr>
<tr>
<td>45 degrees</td>
<td>15 feet</td>
<td>19 feet</td>
</tr>
<tr>
<td>60 degrees</td>
<td>18 feet</td>
<td>20 feet</td>
</tr>
<tr>
<td>90 degrees</td>
<td>25 feet</td>
<td>18 feet</td>
</tr>
</tbody>
</table>

   *Measured perpendicular to aisle

c. Tandem Parking: A maximum of 30% of the total required parking for commercial uses may be tandem. Greater than 30% tandem spaces may be allowed with approval of a parking demand study. Parking spaces provided in excess of the required number may be tandem.
d. Parking of Licensed Recreational Vehicles and Habitable Vehicles:
   i) Parking of any mobile home, camper, house trailer or other habitable vehicle outside of an authorized mobile home park or licensed recreational vehicle parking facility is prohibited except that such vehicles may be parked on any public property or right of way subject to any applicable parking restrictions, including Section 9.40.010 of the El Segundo Municipal Code.

   ii) A habitable vehicle parked on private property may be occupied for residential purposes for no longer than 72 hours (outside of an authorized mobile home park) within any 30-day period. No habitable vehicle may be occupied for commercial purposes except as provided by Section 16.01.140 of the El Segundo Municipal Code.

e. Entrances and Exits:
The location and design of all driveway entrances and exits shall be subject to the approval of the Director of Community, Economic and Development Services. Access must be from the alley or side street, except for access to handicapped parking stalls if approved through the design review process. Curb cut and driveway widths must be a minimum of 10 feet and a maximum of 30 feet in width.

f. Handicapped Parking:
   Handicapped parking shall be provided in accordance with Part 2 of Title 24 of the California Administrative Code.

6. Loading Standards-
The following loading spaces, with the dimensions as listed, are required based on the net square footage of the building or use.

<table>
<thead>
<tr>
<th>COMMERCIAL USES</th>
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<tbody>
<tr>
<td>Building – Square Feet</td>
</tr>
<tr>
<td>1-15,000</td>
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<tr>
<td>15,001-30,000</td>
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<tr>
<td>30,001-75,000</td>
</tr>
<tr>
<td>Each additional 100,000 sq. ft. or fraction thereof</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>BED &amp; BREAKFAST HOTEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building – Square Feet</td>
</tr>
<tr>
<td>1,000-15,000</td>
</tr>
<tr>
<td>15,001-75,000</td>
</tr>
<tr>
<td>Each additional 100,000 sq. ft. or fraction thereof</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIMENSIONS</th>
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</thead>
<tbody>
<tr>
<td>Size</td>
</tr>
<tr>
<td>Width</td>
</tr>
<tr>
<td>Depth</td>
</tr>
<tr>
<td>Vertical Clearance</td>
</tr>
</tbody>
</table>
7. Plan Preparation and Permit Approval-
A proposed parking plan shall be submitted to the Director of Community, Economic and Development Services at the time of the application for the building permit for the building for which the parking is required, or at the time any required Planning application is submitted. The plans shall clearly indicate the proposed development, including location, size, shape, design, curb cuts, lighting, landscaping, and parking spaces in full compliance with code requirements. No building permit shall be issued until the applicant has presented satisfactory evidence to the Director of Community, Economic and Development Services that parking facilities required by this Section will be provided and maintained.

8. Joint Use and Off-Site Parking Facilities-
Parking spaces may be joint use or located off-site on a different lot or lots, subject to approval of a parking demand study and a parking agreement. The Director of Community, Economic and Development Services may approve a parking demand study for joint use and off-site parking for fewer than 10 spaces. The Planning Commission shall review any joint-use and off-site parking for 10 or more spaces. The agreement shall be recorded in the office of the County Recorder, prior to the issuance of a Building Permit. The agreement may include conditions as the Director of Community, Economic and Development Services or the Planning Commission deems appropriate.

9. Sites with Transportation Systems Management (TSM) and Transportation Demand Management (TDM) Plans-
The number of required parking spaces may be further modified subject to approval of a Transportation Systems Management or Transportation Demand Management Plan, pursuant to the procedures and requirements of Chapters 20.55 and 20.56 of the El Segundo Municipal Code.

10. Existing Buildings with Permitted Uses-
Existing uses in an existing building may change to any other use enumerated in the PERMITTED USES section of the applicable Specific Plan District without providing additional on-site parking spaces, provided that all existing on-site parking spaces provided in connection with the building or structure shall be continued and available for use with the subject building.

11. Failure to Maintain Required Parking-
In the event parking facilities required to be provided under this Section, or required pursuant to any application approved in accordance with this Section, are not maintained, the Director of Community, Economic and Development Services may revoke and cancel the certificate of occupancy issued for such structure. Prior to such revocation, the Planning Commission shall hold a public hearing in accordance with the public hearing procedures provided in Chapter 20.90, Procedures for Hearings, Notices and Fees, of the El Segundo Municipal Code. However, if it appears that failure to maintain such required parking was reasonably beyond the control of the person required to maintain the same, the certificate of occupancy shall not be revoked until the owner has had at least 90 days to reestablish the minimum required parking. In the event the certificate of occupancy is revoked, the premises covered thereby shall not be occupied or used for any purpose until a new certificate of occupancy has been issued.
The costs of the three designs that were submitted by the architectural teams range between $539,000 to $613,600, as the firms were given two preliminary budgets of $250,000 and $600,000. The original scope of the project was anticipated to include the demolition and removal of all of the existing concrete Plaza and the installation of landscaping, plaza furniture, and performance and public gathering areas. Recently, the scope of the project has been further refined by the City Council's Downtown Subcommittee. The new scope does not include the removal of the concrete, but instead envisions working with the existing improvements to enhance the area and make it more functional and attractive. It is envisioned that that following elements will be included in the Plaza renovation: portable sound system, fixed lighting, potted landscaping, benches, relocation of existing central sculptures and re-use of the central raised planter area as a stage. It is anticipated that the improvements will not exceed $225,000. The Council has already approved $575,000 of Capital Improvement Program funds (1999/2004 budget) for the project and $30,000 has been spent on the design charrette process. The balance of the unallocated Civic Center funds ($320,000) are anticipated to be reallocated to Downtown streetscape improvements or other Downtown improvement projects or programs. Section VIII, E, 1, Design Standards, Plazas, Civic Center Plaza of this Specific Plan, provides more detailed information on the design of the Plaza.

D. Parking Management Program

1. Introduction/Summary

The City's traffic engineer states that at the present time, parking is not a critical issue in Downtown El Segundo, although there may be a perception by some Downtown shoppers that parking is inadequate. The parking supply and location of parking are generally adequate to serve the existing uses in the area. Downtown patrons may need to walk 1 or 2 blocks to their destination after locating a parking space, however this is typical in a pedestrian-oriented Downtown setting. The Downtown Specific Plan, however, will result in various changes to Downtown El Segundo. The changes may include a different mix of commercial businesses, higher densities, modified street layouts, modified on-street parking and other changes. The need for parking in the Downtown area will change as the Plan is implemented. The turnover in commercial uses, or the potential intensification of land uses, may result in higher parking demand. The location of the parking demand may also shift, and the number of on-street spaces may change due to the streetscape improvements that are ultimately included in the Plan.

A parking management plan for the Downtown area must be comprehensive and also flexible enough to respond to the parking challenges that arise as part of the plan. The following strategies are key to the implementation of the parking management plan:

- Develop a parking management plan that looks ahead to the ultimate build out of the Specific Plan area and considers the potential "worst case" parking demand scenario.
• Phase in parking modifications and improvements over time as the Specific Plan is implemented. Seek lower cost, high efficiency solutions first, followed by higher cost capital improvements when they are needed.

• Work cooperatively with area businesses and other stakeholders since they are the ultimate users of the parking system.

• Consider the potential impacts not only in the Downtown area but also on adjacent residential neighborhoods.

2. Current Parking Conditions and Standards

The Downtown area currently is served by surface parking that is a combination of on-street curb parking and off-street private and public parking in a series of lots. Off-street parking is primarily provided in back of businesses via alley access, with some lots also fronting Main and Richmond Streets, and Grand Avenue. There are a total of approximately 1,285 public and private off-street spaces in the Downtown Specific Plan area. In addition, there are approximately 970 public curbside spaces. Curb parking is mostly regulated by a two-hour maximum limit, from 8:00 A.M. to 6:00 P.M. that is enforced via tire marking. Additionally there are 20-minute maximum single spaces scattered throughout the Downtown, again with the 8:00 A.M. to 6:00 P.M. limit and in the 300 block of Main Street no parking is allowed from 2:00 P.M. to 8:00 P.M. to accommodate the farmers market. Blocks with the highest amount of off-street parking, all in private lots, include the 100 block of Richmond Street on the east side (200 spaces), the 100 block of Main Street on the east side (115 spaces) and the 300 block of Richmond Street on the east side (110 spaces). All other blocks have 95 or fewer spaces, with the lowest block containing 35 spaces. Seven percent of the off-street spaces are compact size and the remainder are standard size.

The current parking development standards for the Downtown area (CR-S Zone) include provisions for joint use parking, off-site parking, compact spaces, parking demand study reductions and tandem spaces. Additional parking is required for new square footage, however, the Zoning Code allows an existing building to change from one use to any other permitted use in the zone without increasing required parking, as long as all of the existing parking is retained. The majority of the existing buildings in the Plan area provide on-site parking: although generally it is limited to only 3 to 5 spaces per 25-foot wide lot. These current provisions allow some flexibility but need to be reviewed in the overall context of the Specific Plan, and revised to ensure that parking is being managed in an efficient manner. Additional flexibility, creative parking solutions, and administrative level of review is desirable to encourage new development within the Plan area, while still ensuring adequate parking facilities for new development.

3. Elements of the Downtown Parking Management Program

To be successful, a parking plan for the Downtown area must serve a variety of businesses, civic uses and residents. Each parking “user” group has different needs and therefore parking for each group must be considered differently. For example, employees of Downtown businesses use parking for extended periods throughout the day and they are able to park farther away from their destination than customers of the
commercial businesses. Certain businesses generate high demand mid-day (office, some commercial retail uses) while others generate lunchtime and evening demand (restaurants for example). The parking management plan must accommodate each user group to most efficiently serve their needs without impacting the other groups.

The cost of developing surface off-street parking may include purchase of the land and construction of the parking area, driveways, signing, striping, drainage, landscaping, lighting etc. Subterranean or surface parking is more expensive due to the capital costs of the structures. Therefore, it is important to consider a wide range of parking solutions in addition to adding more parking. The types of parking improvements recommended for the Specific Plan include, but are not necessarily limited to, the following:

- **Parking management techniques** including better parking signage and information (brochures and maps), modifying time limits, consideration of parking meters and fees.

- **Parking services** such as a “joint” valet parking program for a series of adjacent businesses.

- **Cooperative parking solutions** such as shared use agreements among businesses in the Downtown area that would allow one business to use parking at another business during its off-peak hours.

- **On-street parking modifications** such as adding parking via the use of diagonal parking instead of parallel curb spaces (Grand Avenue and east-west side streets off of Main Street and potentially portions of Main Street).

- **Construction of off-street parking** in surface lots or structures with fee agreements for Downtown businesses that come into the area and require new parking.

The hallmark of this plan will be to phase in the necessary parking improvements over time, as needed, based on the changes occurring Downtown. Lower cost, less capital intensive improvements should be implemented first. However, the ultimate need for additional parking should be planned for at this time to allow adequate lead time to identify and obtain appropriate sites and finance the purchase of land (if required) and construction costs. A phased approach to parking improvement in the Downtown area is described.

4. **Parking Management Options**

The options presented in this section are oriented to the multiple user groups that park Downtown. It is not feasible, nor desirable to develop a parking management plan that simply addresses the needs of one user group at the expense of other user groups. For example, the plan must not add commercial parking without addressing resident concerns, or conversely create "resident only" parking without recognizing the need to maintain access for the public. Therefore, a series of options are presented that address the many parking related issues. Table 1 summarizes the options.
a. **Short-Term Parking Management Options** - (implement upon adoption of the Specific Plan)

**Option:** Create Visitor Parking Information Guide/map

**Discussion:** Many cities and Downtown districts have created user-friendly maps and parking guides that are oriented toward the Downtown visitor. The guide would include clear maps showing all public parking, as well as information regarding time limits and rates (if applicable).

The guide/map should be professionally prepared with high quality graphics and should be made available at public venues (City Hall, libraries, etc.) and distributed to all businesses that would be willing to make them available to customers (e.g., on the counter at stores, in offices and at restaurants).

**Option:** Implement a Shared Use Parking Program

**Discussion:** The most under-utilized parking throughout the Downtown is in off-street private parking lots. It is important to recognize that the use of private lots is not a universal solution to parking problems since it requires the cooperation of private land owners who may have specific reasons for not sharing parking. However, use of selected lots may be a method to help relieve the parking problem. Traditional impediments to the use of private parking include lot owners' concerns over liability, safety, vandalism and interference with their own business. While some of these concerns are well founded, some can be overcome through the use of negotiated agreements and common insurance policies that are obtained with the assistance of the City.

Additionally, the City could enter into agreements with property owners of large parking lots with excess capacity (such as the Chevron parking lots) and "sublease" the spaces out to businesses in need of additional spaces. This recommendation will require the following initial actions by the City:

- survey private lot owners regarding the willingness to consider shared use of parking.
- Investigate the availability of insurance coverage for public use of private lots and assist businesses in obtaining the insurance.
- consider police or private patrol to monitor the private lots.
- after identifying potential sites, secure agreements for use of the lots by adjacent businesses, determine parking fees (if any) to be charged, develop shared use parking contracts that specify hours of operation, maintenance, insurance requirements and other pertinent issues.
- develop signage and re-stripe private lots if needed on case-by-case basis.
Option: Establish Baseline Parking Ratios for the Downtown as a Whole and Monitor over Time

Discussion: Although each new business should not be required to provide parking on-site, the Downtown as a whole will require new parking as development occurs. Therefore, the current parking surplus should be identified via detailed parking and land use surveys. The surveys will compare parking requirements based on standard parking ratios to the amount of parking available in the Downtown. Then, as new development occurs, the remaining surplus would be monitored on an on-going basis. New businesses or development— that does not provide parking could pay into a parking "in-lieu" fund that would be used to develop joint parking areas when needed. When the parking demand gets within approximately 80 to 85 percent of the parking supply, then new parking should be provided. This type of parking "budget" would allow new businesses to come into the Downtown area without undue burdens to provide more parking by themselves.

Lot Utilization - approximately every six months conduct hourly surveys of the number of spaces utilized in key public and private lots and on-street for a weekday and Saturday. Also conduct regular monitoring of land uses added or subtracted and their associated parking requirements.

Land Use Patterns - Establish a database that is updated at least every six months that includes the type of business on each parcel, building area and amount of parking provided. A parking demand spreadsheet is also then updated bi-annually that will estimate the total parking demand for the Downtown, which is compared to the total parking supply.

Option: Enhance Directional Signage

Discussion: The signage is generally clear, consistent and covers most of Downtown. Some additional signs would help to further clarify the location of some Downtown lots, and to direct vehicles to access parking areas. A unified theme for directional signs should also be developed as part of the Specific Plan.

b. Mid-Term Parking Management Options- (Implement when needed after Plan adoption)

Option: Implement Trial Period Shared Valet Parking Program During Peak Season

Discussion: As development and activity intensifies in the Downtown area, a peak season shared valet system would provide the convenience of on-street parking for business patrons and allow the use of more remote available parking. This service will only work with a minimum amount of activity generated by a group of nighttime attractions such as restaurants and shops. This measure is not recommended until the perceived demand is great enough to cover the costs of the service.

The valet would service a group of adjacent businesses. This may require the removal of a few on-street parking spaces during the time of valet operation.
It is recognized that some shopping trips require parking immediately adjacent to the business (dry-cleaners, take-out coffee, etc.), however, many visitors are willing to walk a few blocks during more extended visits.

For the valet service, there would be a fee charged per vehicle of approximately $5 or $6 (to be negotiated with the valet operator), which would cover all of the costs. If it was determined that this cost is too high for the customers, the City and/or businesses could subsidize the program, thereby reducing the fee to the valet patrons. All insurance, materials and other costs would be covered by the valet operator within the $5 or $6 per vehicle fee.

**Option:** Add Angled On-street Parking

**Discussion:** This option would add on-street parking where it would be most needed in the future as development occurs. Main Street only has sufficient width for angled parking on one side, however, angled parking may actually reduce the number of on-street parking spaces due to the elimination of parking at the corners to accommodate a left-turn pocket. Angled parking is feasible on Grand Avenue if the median parking area is removed. Also, it may be feasible to provide angled parking on one or more side streets, such as the 100 blocks east side of Holy and Pine Avenues, which connect to Main Street, by converting the streets to one-way flow. This option would be implemented in conjunction with other streetscape/design options as part of the overall Specific Plan.

c. **Longer Term Parking Management Options** *(Implement after short and mid term measures and as development warrants)*

**Option:** Install Parking Meters to Manage Parking Turnover and Raise Revenues for Parking Improvements

**Discussion:** One of the most effective parking management tools is pricing. Many persons using Downtown businesses will be willing to pay for parking depending upon the nature of the business they are visiting in the area. Local employees, for example, will be less likely to want to pay for metered parking. Therefore, prime curbside spaces can be reserved for customers via the use of meters and time limits. With reasonable rates and time limits, meters do not harm businesses while they help to properly allocate parking spaces to the various user groups. Obvious disadvantages to meters include aesthetics and the perception that they will drive away business patron customers.

**Options:** While Implementing Parking Management Strategies, Continue to Investigate Costs and Feasibility of Added Parking

**Discussion:** When considering potential growth patterns Downtown and given the City's Zoning Code which allows continued growth without providing more parking (for new businesses in existing buildings that maintain existing non-conforming parking), more general public parking will be necessary in the future if density increases without adding parking. The number of added parking spaces can be determined more precisely following implementation of the highest priority management strategies.
Downtown Specific Plan

Building new parking will take several years due to the need for environmental clearances, environmental studies, design and construction. Therefore, the City should continue to investigate the engineering feasibility, costs and environmental consequences of adding parking Downtown at the same time that parking management strategies are being tested. Also, use of an in-lieu fee would provide funding for parking over time as businesses turn over or parcels are redeveloped.
## EXHIBIT 6
SUMMARY OF PARKING MANAGEMENT OPTIONS

<table>
<thead>
<tr>
<th>OPTIONS</th>
<th>DESIRED EFFECTS/ISSUES</th>
<th>Relative Cost to Implement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>H, M, L (1)</td>
</tr>
<tr>
<td><strong>Short-Term Parking Management Options</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create Visitor Parking Information Guide/Map</td>
<td>• increase awareness of parking opportunities</td>
<td>Low (approximately $5,000 to $10,000)</td>
</tr>
<tr>
<td></td>
<td>• more effective use of available parking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• need support of business community to circulate guide/map</td>
<td></td>
</tr>
<tr>
<td>Implement a Shared Use Parking Program</td>
<td>• better utilize available private spaces</td>
<td>Low (staff/administration costs)</td>
</tr>
<tr>
<td></td>
<td>• would require additional detailed analysis and coordination with private property owners</td>
<td></td>
</tr>
<tr>
<td>Establish Baseline Parking Ratios for the Downtown as a Whole and Monitor Over Time</td>
<td>• identify current parking surplus</td>
<td>Moderate (staff/administration costs equivalent to several hours per week, after initial labor intensive inventory)</td>
</tr>
<tr>
<td></td>
<td>• monitor development as it occurs and its impact on overall parking operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• add new parking or take other actions when supply reaches approximately 85% of demand, prior to reaching a critical point</td>
<td></td>
</tr>
<tr>
<td>Enhance Directional Signage</td>
<td>• provide more clear and consistent signage</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>• better utilize alley-access parking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• enhance aesthetics</td>
<td></td>
</tr>
<tr>
<td><strong>Mid-Term Parking Management Options</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement Trial Period Shared Valet Parking Program During Peak Season</td>
<td>• provide convenient customer parking</td>
<td>Low to Moderate ($5,000 to $15,000 per season for City support)</td>
</tr>
<tr>
<td></td>
<td>• assist parking impacted business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• need to analyze potential sites and select Contractor</td>
<td></td>
</tr>
<tr>
<td>Add On-street Angle Parking</td>
<td>• provide more spaced via use of angle rather than parallel curb parking</td>
<td>Moderate (costs for signing and striping)</td>
</tr>
<tr>
<td></td>
<td>• slows traffic, promotes pedestrian use</td>
<td></td>
</tr>
</tbody>
</table>

(1) Cost: H - High Cost associated with major capital expenditure, M - Moderate Cost for physical improvements and/or staff/administrative costs, L - Low Cost reflecting limited staff time allocation or minor supplies/equipment cost.
<table>
<thead>
<tr>
<th>Longer Term Parking Management Options</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Install Parking Meters on Selected Streets</strong></td>
</tr>
<tr>
<td>• manage the parking supply, enhance turnover for businesses</td>
</tr>
<tr>
<td>• prevent all-day parking by employees in prime spaces</td>
</tr>
<tr>
<td>• raise revenues needed for parking expansions</td>
</tr>
<tr>
<td><strong>Moderate to High</strong></td>
</tr>
<tr>
<td>(Initial cost, ultimately self supporting)</td>
</tr>
<tr>
<td><strong>While Implementing Parking Management Strategies, Continue to Investigate Costs and Feasibility of Added Parking</strong></td>
</tr>
<tr>
<td>• provide added patron and employee parking</td>
</tr>
<tr>
<td>• remove employee parking from adjacent residential streets</td>
</tr>
<tr>
<td>• requires additional detailed analysis of economic factors</td>
</tr>
<tr>
<td><strong>High to Very High</strong></td>
</tr>
<tr>
<td>(surface - $1500 per space, structure approximately $7,500 to $15,000 per space, $150,000 to $1.5 million for 100 spaces) depending on surface or structure and other details</td>
</tr>
</tbody>
</table>

(1) Cost: **H** - High Cost associated with major capital expenditure, **M** - Moderate Cost for physical improvements and/or staff administrative costs, **L** - Low Cost relating limited staff time allocation or minor supplies/equipment cost.
E. Public Events, Activities and Programming

The ongoing scheduling, coordination and implementation of special events in the Downtown area are seen as a key component in the effort to revitalize the Downtown. Downtown events enhance the image that the Downtown is the center of activity in the community. In order to provide creative, diverse and high quality events and programs throughout the year in Downtown, the City retained an Events Coordinator/Facilitator in June of 1999. The events coordinator met with the Council Downtown Revitalization Subcommittee, DES I (the Downtown subcommittee of the local Chamber of Commerce), and the City's Event Coordination Steering Committee and developed a draft list of events. These include events such as a Main Street Bike Parade, June Jamboree-Food and Music Festival, Concierge Day, Annual West Fest, and Scavenger Hunt, designed to attract local and nearby residents to the Downtown year round. This will increase the awareness level of the types of shops and services that are available in the Downtown which will directly benefit local residents, merchants, and property owners by creating a broader and consistent customer base.

Many of the events include participation by and coordination with other groups and local service organizations such as the Chamber of Commerce, Rotary, and Kiwanis. The new events are intended to complement existing successful Downtown events (such as the Richmond Street Fair, Main Street Cruise, and the Holiday Parade) by coordinating new promotional programs around the existing schedule of events. In addition to developing, organizing and implementing various monthly events, the Coordinator also acts as a clearinghouse to coordinate the City of El Segundo Master Event Calendar. This central location for business owners and residents to access event information is seen as key to planning future events to eliminate potential date conflicts and to help ensure successful events with maximum participation. The Master Calendar includes maintaining a website calendar and issuing press releases.

The existing weekly farmers market in the 300 block of Main Street, initiated in July of 1999, is also one of the key Downtown events, being managed separately from the other Downtown events by the Recreation and Parks Department. The budget for the farmers market includes approximately $35,000 of 1999/2000 General Fund monies. The farmers market generates approximately $4000 a month during the 3 summer months and $2000 a month during the balance of the year, a total of approximately $30,000 in revenue annually.

The City Council approved $20,000 of General Fund monies in both the 1998/1999 and 1999/2000 budget years for the Downtown Events Coordinator, although the 1998/1999 funds were not spent and were carried over to the 1999/2000 budget. An additional $10,000 was allocated from the 1999/2000 Downtown marketing materials account and will be used for the Downtown Food and Music Festival, scheduled for June, 2000. Subject to City Council direction, it is anticipated that future budget years may have approximately $30,000 annually in General Fund monies for Downtown Events.

F. Marketing, Advertising and Promotion

Marketing and promoting the Downtown to attract new businesses, retain existing quality businesses that meet the goals of the Plan, and advertise Downtown services, businesses and events, are key components to a successful Downtown.
The City Council approved retaining a retail recruitment firm in January, 1999 in an effort to place new highly desirable retail businesses in selected key locations Downtown. However, priorities were shifted and the $35,000 approved in the 1998/1999 budget year from the General Fund was reallocated to the Downtown Events programming. Additional funds of $14,500 were allocated in the 1999/2000 budget year, and $10,000 of this was recently reallocated to the Downtown Food and Music festival (discussed above) and the balance will be used for banners to promote the farmers market. It is anticipated that in the 2000/2001 budget year, additional funds of approximately $20,000 will be requested for retail recruitment. The firm selected will have to have proven success in placing businesses as part of successful downtown revitalization programs, and work closely with Downtown property owners.

Promotional materials prepared and distributed by the City include a Downtown Map with Points of Interest. This map was developed originally in 1998 and is regularly distributed to the Chamber of Commerce, area hotels, City Hall, Public Library, Downtown businesses, and new companies in town. The map provides general information about the Downtown and is keyed to a list of retail and restaurant uses in the Downtown. This map should be updated as part of the Downtown revitalization effort to ensure that it provides up to date and accurate information.

Another promotional program is the installation of banner poles, banners, and flags on Sepulveda Boulevard, a State highway with approximately 70,000 vehicle trips per day, to publicize City Events and promote the Downtown. Two types of banners are envisioned. The first would use the existing median light poles to install flags (approximately 3 feet by 5 feet) to publicize community events. There are 35 existing light poles on Sepulveda, which could accommodate two flags each, located on each side of the pole. The second type of banners would require the installation of two banner poles, with mounting hardware and cables at each location. Banners would be approximately 3 feet wide by 40 feet long and would hang over the middle of Sepulveda Boulevard. Installation and removal of the flags or banners would be an additional cost of approximately $400 for each set of flags or banners for each installation and removal.

In February of 2000, the City Council approved re-allocating $60,000 from the City "Welcome monument" project, previously approved in the 1999/2000 Capital Improvement Program budget, to the banner project. The $60,000 includes the installation of the banner poles only, (four poles at two locations) not the banners. General fund monies of $4,500 are available for banners (Downtown marketing materials) and it is anticipated that this will be used for one large (3-foot by 40-foot) banner to advertise the Downtown Farmers Market. Other Farmers Market advertising which has been used, that could also be used for other efforts, includes cable television advertising in nearby communities, advertisements in area newspapers, and advertisements on internal e-mail networks for major corporations located in El Segundo. Any additional funds remaining from the banners will be used to promote other Downtown events. It is anticipated that the City Council will review a request for additional funds for other banners in the near future. In addition, it is anticipated that event sponsors and coordinators would pay to install banners to promote their individual events.

Other types of marketing could include advertisements, flyers, billboards, or other promotional materials.
A lunchtime shuttle to bring employees from the business center of El Segundo, west of Sepulveda Boulevard, to the Downtown has been explored in the past and could be analyzed further if desired. The Chamber of Commerce and a BID could also be involved with promoting and advertising the Downtown.

G. Development Incentives

Development incentives can be used as a tool to attract and retain quality businesses in the Downtown. Through the Business Attraction Program (Chapter 3.06 of the El Segundo Municipal Code) and the City's economic development program, the City currently offers numerous incentives for qualified target businesses throughout the City. The incentives apply to the Downtown area also, and are proposed to continue. These incentives include:

1. Expedited and reduced cost entitlements:
   - Permit approvals may be expedited through the Community, Economic and Development Services application and permit processes at the request and the expense of the applicant.
   - The City may enter into agreements that guarantee that permits will be reviewed within a certain time frame, as agreed to by the City and the applicant ahead of time. If the City does not review the plans within the established time frame then all associated City fees are refunded.
   - Building Safety Division fees are negotiable and may be reduced as much as 50%.

2. Local tax credits and rates:
   - Business License Tax: The business license tax can be reduced and/or eliminated if El Segundo is used as a point of sale. The tax will be offset by the amount of the sales tax generated to the City in the previous year, up to the point where zero fees are due to the City.
   - Utility Users Tax: Gas, water, electric, and telephone taxes are negotiable, up to the point where zero tax is required. Currently these rates are 3% for gas, water, and electric, and 2% for telephone.
   - Transient Occupancy Tax: The City's transient occupancy tax for hotel users is currently 8%, one of the lowest in Los Angeles County.

Additional incentives could be provided in the Downtown Plan Area such as the reduction, or elimination of traffic impact fees and the further reduction of Planning and Building Safety Division fees.

3. Removal of Nonconforming Signs:

   The City finds that in order to enhance the environment of the Downtown it is desirable to encourage the removal of nonconforming signs at a rapid pace. Therefore, the City may offer owners of nonconforming signs the following incentives to hasten their removal.
In order to qualify for the nonconforming sign removal incentive, a sign proposed to be removed must meet the following requirements. The sign must have been a legal, conforming sign at the time of its placement. (In other words, the sign cannot be illegal). The sign must be located in the Main Street District (300-400 Blocks Main Street). The sign shall not be an abandoned sign at the time of application. In the granting of nonconforming sign removal incentives the City will apply the following priority ranking schedule: roof signs, pole signs (freestanding sign over 10 feet high), internally illuminated signs, and plastic signs. Owners of nonconforming signs may, at their discretion, choose to participate in the following sign removal incentive program. The City will select a number of applicants each year to participate in the program based on the priority of signs provided above and the availability of funds.

The nonconforming sign removal incentive program is a three-year program commencing on the effective date of this Specific Plan. The program is designed to encourage the rapid removal of the least desirable types of signs by providing larger incentives in the early years and tapering off to no incentives in the fourth year.

The incentives which may be provided are as follows:

- Years one and two
  Free removal of nonconforming sign.
  Free design service to provide conforming, attractive sign sketches.*

- Year three
  Free removal of nonconforming sign

* Those participants availing themselves of the free design service must agree to utilize one of the alternative sketches provided and to erect a new sign within three months of receiving the sketch designs. If said new sign is not erected, the participant will be required to reimburse the City for the cost of the sign design service.

The removal of non-conforming signs program could be financed through General Fund monies or a Business Improvement District (BID).

H. Historic Preservation

The City will provide incentives to owners of structures in the Richmond Street District (100-200 blocks Richmond Street) to maintain, preserve, and improve their historic properties on a completely voluntary basis. Eligible structures are not required to participate in the incentive programs. Only historically significant structures, as identified on the attached map, are eligible for these incentives.

The program is a two-part approach to encourage the preservation of El Segundo's historic past. The first part is a series of incentives (regulatory or financial) to encourage historically significant properties to continue to function without major structural alterations that would affect the historical features of the building. The second part is a strong "disincentive" to discourage demolition of historically significant structures by owners which had used any incentive. This second approach does not prohibit the demolition of a historic structure if the owner has not received regulatory or financial incentives from the City.
Protecting the cultural heritage and historical architectural resources that are found in the Richmond Street District is part of the overall goal for the revitalization of the area. This program seeks to give owners of eligible historic properties relief from the contemporary municipal codes, ordinances, taxes and laws levied on newer contemporary structures. By assisting the owners of historic properties, the authenticity of the character of Richmond Street can be preserved, thus improving the economic climate for all owners and merchants.
## EXHIBIT 7
HISTORICALLY SIGNIFICANT STRUCTURES

<table>
<thead>
<tr>
<th>GRAND AVE.</th>
<th>FRANKLIN AVE.</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td></td>
</tr>
<tr>
<td>225</td>
<td></td>
</tr>
<tr>
<td>223</td>
<td></td>
</tr>
<tr>
<td>221</td>
<td></td>
</tr>
<tr>
<td>215</td>
<td></td>
</tr>
<tr>
<td>211-213</td>
<td>116-130</td>
</tr>
<tr>
<td>209</td>
<td>222</td>
</tr>
<tr>
<td>203</td>
<td>216-220</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RICHMOND ST.</th>
<th>EL SEGUNDO BLVD.</th>
</tr>
</thead>
<tbody>
<tr>
<td>147</td>
<td>146</td>
</tr>
<tr>
<td>145</td>
<td>144</td>
</tr>
<tr>
<td>143</td>
<td>142</td>
</tr>
<tr>
<td>139</td>
<td>140</td>
</tr>
<tr>
<td>135</td>
<td></td>
</tr>
<tr>
<td>131</td>
<td></td>
</tr>
<tr>
<td>123-129</td>
<td></td>
</tr>
<tr>
<td>121</td>
<td></td>
</tr>
<tr>
<td>117</td>
<td></td>
</tr>
<tr>
<td>115</td>
<td></td>
</tr>
</tbody>
</table>

[Historically Significant Structure]

[Map scale: Not to scale]
1. Regulatory Incentives

Historically significant properties are eligible to apply for the following preservation benefits. The granting of any benefit shall be conditioned upon a written agreement between the City and property owner that ensures preservation of the building's historic character and strongly discourages future demolition. Government Code Section 37361 allows specific zoning criteria for historical buildings.

a. Parking
Commercial historic structures may be granted a reduction in parking requirements, to a maximum of 50 percent, based on a Parking Demand Study and the degree to which the historic character of the building is preserved and/or enhanced.

b. Building Permit and Planning Application Fees
All building permit and planning application fees for historically significant structures will be waived by the Director of Community, Economic and Development Services (subject to City Manager approval) for those proposed projects compatible with preserving the historic character of the subject building.

c. Business License Fees
Local business license tax fees will be waived or reduced for historically significant structures, by the Director of Community, Economic and Development Services, (subject to City Manager approval) for those projects that have completed construction that has renovated, improved, or preserved the historical character of the subject building.

d. Additions to Historic Commercial Structures
Historic commercial structures may add up to 50 percent of the existing floor area, not to exceed 500 square feet, without providing additional parking and without bringing other existing nonconformities into compliance, except for permanent signs, with current Specific Plan Standards. The structures would still be required to comply with the floor area ratio (FAR) requirements of the district.

e. Setback Flexibility
Additions to historically significant structures may be allowed to maintain setbacks up to the line of existing encroachments, provided that all setbacks as required by the Uniform Building Code, are maintained for new construction.

f. State Historic Building Code
The California State Historic Building Code (SHBC) provides alternative building regulations for the rehabilitation, preservation, restoration or relocation of historically significant structures. The SHBC may only be used for officially designated historically significant structures, (cultural resources) or in official Historic Districts, in accordance with regulations detailed in Chapter 20.52, Historic Preservation, of the El Segundo Municipal Code.
These standards would be applied during the City's building permit procedure as this code would supplement or replace the Uniform Building Code (UBC) requirements.

g. Rehabilitation Tax Credit
A tax credit may be available for historically significant structures if work performed on the structure constitutes a "Certified Rehabilitation." The tax credit may only be used for officially designated historically significant structures, (cultural resources) or in official Historic Districts, in accordance with regulations detailed in Chapter 20.52, Historic Preservation, of the El Segundo Municipal Code.

h. Conservation or facade easements
A conservation or facade easement is a contract between private property owners and qualified non-profit organizations (which may be the City). The easements enable a property owner to preserve a historically significant building in perpetuity in return for certain tax benefits. The easement may only be used for officially designated historically significant structures, (cultural resources) or in official Historic Districts, in accordance with regulations detailed in Chapter 20.52, Historic Preservation, of the El Segundo Municipal Code.

2. Financial Incentives
   a. Mills Act Contracts-Property Tax reductions
As a preservation incentive, historic property agreements offer advantages to both the City and the property owner. These agreements, commonly referred to as "Mills Act contracts," provide for property tax relief for owners of qualified historic properties who agree to comply with certain preservation restrictions. The tax credit may only be used for officially designated historically significant structures, (cultural resources) or in official Historic Districts, in accordance with regulations detailed in Chapter 20.52, Historic Preservation, of the El Segundo Municipal Code.

For purposes of this Specific Plan, this section does not detail all of the tax and revenue information of the Mills Act. This section does not provide contracts, complete Government Code sections, or Tax Code information. Any individual interested in more details on a Mills Act contract for their historic property is urged to contact the State's Office of Historic Preservation for more information.

The use of Mills Act contracts gives the City the flexibility to deal with historic structure on a case by case basis. The City has the option to choose which properties are suitable for the incentive by evaluating various factors, such as the Significance of the building to the community, development pressures on the site, or the need for rehabilitation. These contracts can be used both as a tool to preserve an individual building and as part of the broader Specific Plan Implementation Program.
DOWNTOWN SUBCOMMITTEE MEMBERS

1. Jay Hoeschler
2. Carol Plisztoek
3. Elyse Rothstein
4. Neif Cadman
5. Matt Crabbs
6. Rob Croxall
7. Drew Boyles
8. Ryan Baldino
9. Scot Nicol
10. Staff: Sam Lee, Planning and Building Safety Director
11. Staff: Paul Samaras, Acting Planning Manager
El Segundo Parking Signage and Wayfinding Discussion

February 29, 2016
Jay Hoeschler, Studio Launchpad
Main Street, northbound at Grand Ave | existing signage
Main Street, northbound at Grand | recommended signage
Westbound Grand Ave | existing signage
Grand Ave Parking Lot | existing signage
Grand Ave, eastbound | existing signage
City of El Segundo

FREE PUBLIC PARKING
Evenings and Weekend:
6:00 p.m. - 1:00 a.m. Monday through
All Day Saturday & Sunday

PERMIT PARKING ONLY
Weekdays:
6:00 a.m. - 6:00 p.m. Monday - Friday

No Resident Parking Permitted
Violators May Be Towed
949.885.3160

11 Grand Ave City Lot | Existing signage
Thank you.
SURVEY ON PARKING OPTIONS

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>QUESTION</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Supply (Private)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Eliminate change of use parking incentive south of Grand Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Eliminate change of use parking incentive north of Grand Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Reduce or eliminate outdoor dining parking incentive south of Grand Avenue (0 parking spaces for 1st 200 s.f.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Reduce or eliminate outdoor dining parking incentive north of Grand Avenue (0 parking spaces for 1st 200 s.f.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Increase the required parking rates for uses in the Downtown Specific Plan area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Require bicycle parking in the Downtown Specific Plan (not required currently)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce Demand (Private)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Allow more residential uses in the Downtown Specific Plan area (currently one unit (above commercial uses) per lot is permitted)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Limit the number or square foot area of restaurants (or other high demand uses) permitted south of Grand Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Limit the number or square foot area of restaurants (or other high demand uses) permitted north of Grand Avenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manage Existing Parking (Private)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Encourage ridesharing, carpooling, use of alternative transport, and other demand reduction measures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Allow and facilitate shared parking or off-site parking arrangements.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Study and implement valet services (valet permits)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase Supply (Public)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Extend restriping efforts to more streets (angled parking)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Extend restriping efforts to more streets (convert streets to one-way traffic)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Restripe more public parking lots</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Add more bicycle parking in the Downtown Specific Plan area</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Build a structure on City Property</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EXHIBIT 4
**Reduce Demand (Public)**

1. Prioritize implementation of the approved Bicycle Master Plan in the Downtown area (bike routes, striping, signage, etc.)

**Manage Existing Parking (Public)**

1. Change time limits for on-street parking
2. Charge for street parking (meters)
3. Charge for structure parking
4. Promote public parking lots through signage, maps, internet, etc.
5. Study and install electronic displays at public structure and surface lots
6. Study and expand shuttle service

**In-lieu Parking Fee**

1. Eliminate the program south of Grand Avenue
2. Eliminate the program north of Grand Avenue
3. Increase the fee amount south of Grand Avenue
4. Increase the fee amount north of Grand Avenue
5. Cap the number of spaces that can be "purchased" south of Grand Avenue
6. Cap the number of spaces that can be "purchased" north of Grand Avenue
EXCERPTS OF MINUTES OF THE MEETING
OF THE PLANNING COMMISSION
OF THE CITY OF EL SEGUNDO, CALIFORNIA

August 25, 2016

Chair Baldino called the El Segundo Planning Commission meeting to order at
5:31 p.m. in the El Segundo City Hall’s Council Chambers, 350 Main Street, El
Segundo, California.

Commissioner Nicol led the Pledge of Allegiance to the Flag.

PRESENT: BALDINO, NEWMAN, NICOL, and NISLEY

ABSENT: WINGATE

None.

Chair Baldino presented the Consent Calendar.

Commissioner Nicol Chair Baldino pulled Agenda Item E-1.

Chair Baldino presented Agenda Item E-2A, Environmental Assessment No.
Consideration and possible action regarding: (1) data collected on research and
development (R&D) and "creative office" uses and (2) an administrative
determination on the El Segundo Municipal Code (ESMC) § 15-1-6 Definition for
Research and Development. Applicant: City Wide. Address: Various.

Vice Chair Newman moved, seconded by Commissioner Nicol, to Receive and
File the Director of Planning and Building Safety’s approval of Environmental
Assessment No. EA-1153 and Administrative Use Permit No. 16-045. Motion
carried (4-0).

None.

City Attorney Address the Commission that Commissioner Nisley recused himself
due to the potential conflict to property.

Chair Baldino presented Agenda Item H-2, Environmental Assessment No. 1057,
Specific Plan Amendment No. SPA 14-01, and Zoning Text Amendment 16-03
Consideration and possible action regarding a Specific Plan Amendment and Zone
Text Amendment to amend Downtown Specific Plan (DSP) Sections V-VIII,
relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-
street front uses; (3) design review process for projects in the DSP; (4) parking
requirements for Non-Profit Museums in the DSP area; and/or to amend El
Address: Citywide. Property Owner: Various. Applicant: City of El Segundo.

Planner Manager Gregg McClain presented a PowerPoint presentation of the staff
report (of record.)
Chair Baldino asked staff for a report after six months on the implementation of the Downtown subcommittee’s recommendations regarding parking.

Commissioner Nicol moved, seconded by Vice Chair Newman, for the Planning Commission to approve Resolution No. 2802 recommending approval of Environmental Assessment No. 1057, Specific Plan Amendment No. SPA 14-01, and Zoning Text Amendment 16-03 to amend Downtown Specific Plan (DSP) Sections V-VIII, relating to: (1) tinting or reflective glass on storefront windows; (2) signs for non-street front uses; (3) design review process for projects in the DSP; (4) parking requirements for Non-Profit Museums in the DSP area; and/or to amend El Segundo Municipal Code (ESMC) Chapter 15-24 regarding Adjustments. Motion carried (3-0).

Commissioner Nisley returned to the dias.
AGENDA DESCRIPTION:
Consideration and possible action to open public hearing regarding the presentation of the Fiscal Year (FY) 2016-2017 Preliminary Budget, including discussion and possible direction regarding all city revenues and expenditures. (Fiscal Impact: Total Revenues (including transfers-in) of $110,511,276; Total Expenditures (including transfers-out) of $117,176,874; General Fund Revenues of $67,836,559, Expenditures of $66,599,643)

RECOMMENDED COUNCIL ACTION:
(1) Open Public Hearing.
(2) Receive Staff presentation of the 2016-2017 Preliminary Budget and direct staff regarding all City revenues and expenditures (includes potential discussion and direction relating to all City Department revenues and expenditures).
(3) Continue the Public Hearing to September 28, 2016;
(4) Schedule the budget adoption for the September 28, 2016 meeting;
(5) Alternatively discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1. FY2016-2017 Preliminary Budget
2. Summary of changes to the FY 2016-17 Proposed Budget as presented on September 6, 2016
3. General Fund Reserve Policy
4. Economic Uncertainty Reserve Policy
5. General Fund Reserve Funding Priorities

FISCAL IMPACT: Total Revenues of $110,511,276; Total Expenditures of $117,176,874; General Fund Revenues of $67,836,559, Expenditures of $66,599,643

Amount Budgeted: $
Additional Appropriation:
Account Number(s):

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

BACKGROUND AND DISCUSSION:
**FY 2016-2017 Budget**

The City started the budget process by holding a Department Head Strategic Planning Retreat on May 16, 2016. In this meeting the Department Heads, along with the City Manager, discussed department priorities for the FY 16-17 budget and identified short-term and long-term strategic goals. The City Council and staff held the first Strategic Planning Session on June 22, 2016 and a second Strategic Planning Session on August 3, 2016. During these two sessions, staff presented assumptions and estimates that would be used to develop the FY 2016-2017 Operating Budget. These two sessions were also engaged City Council and staff to discuss the short-term and long-term strategic planning goals and objectives for the City. These sessions were led by a facilitator, Sara Peterson. Based on decisions at these planning sessions, a Budget Study Session followed on August 28, 2016. At this meeting, Council identified a General Fund reserve policy, prioritized critical needs and identified items to be included in the FY 2016-2017 Preliminary Budget. On September 20th 2016, staff will present the FY 2016-2017 Preliminary budget for revenues and expenditures, along with the assumptions and additional positions and items as approved by Council from prior meetings.

**Summary of Assumptions used to prepare FY 2016-2017 General Fund Budget:**

**Table 1: Estimated General Fund Balance at September 30, 2016 & September 30, 2017**

<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance at October 1, 2015</strong></td>
<td>$13,154,589</td>
</tr>
<tr>
<td><strong>Plus revised estimated revenues for FY 2015-16</strong></td>
<td>64,629,167</td>
</tr>
<tr>
<td><strong>Less revised estimated expenditures for FY 2015-16</strong></td>
<td>(63,682,184)</td>
</tr>
<tr>
<td><strong>Estimated Ending Fund Balance at September 30, 2016</strong></td>
<td>14,101,572</td>
</tr>
<tr>
<td><strong>Estimated Beginning Fund Balance at October 1, 2016</strong></td>
<td>14,101,572</td>
</tr>
<tr>
<td><strong>Plus proposed revenues for FY 2016-17</strong></td>
<td>67,796,559</td>
</tr>
<tr>
<td><strong>Plus proposed change to FY 2016-17 revenues (VLF Swap)</strong></td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Less proposed expenditures for FY 2016-17</strong></td>
<td>(66,642,418)</td>
</tr>
<tr>
<td><strong>Less proposed change to FY 2016-17 expenditures (expenditure increase)</strong></td>
<td>(8,600)</td>
</tr>
<tr>
<td><strong>Less proposed change to FY 2016-17 expenditures (expenditure decrease)</strong></td>
<td>51,375</td>
</tr>
<tr>
<td><strong>Estimated Ending Fund Balance at September 30, 2017</strong></td>
<td>$15,338,488</td>
</tr>
<tr>
<td><strong>Designated reserve requirement (18% of expenditures)</strong></td>
<td>$11,987,936</td>
</tr>
<tr>
<td><strong>Undesignated General Fund Reserves (revised from September 6, 2016)</strong></td>
<td>$3,350,552</td>
</tr>
</tbody>
</table>
**Table 2: General Fund Revenues for FY 16-17**

<table>
<thead>
<tr>
<th>General Fund Revenues</th>
<th>FY 2016-2017 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>7,094,993</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>12,179,368</td>
</tr>
<tr>
<td>Transient Occupancy Tax</td>
<td>9,600,000</td>
</tr>
<tr>
<td>Franchise Tax</td>
<td>3,200,000</td>
</tr>
<tr>
<td>Utility Users Taxes</td>
<td>7,210,000</td>
</tr>
<tr>
<td>Other Taxes</td>
<td>425,000</td>
</tr>
<tr>
<td>TRA/Chevron</td>
<td>6,250,000</td>
</tr>
<tr>
<td>Business Licenses</td>
<td>11,534,410</td>
</tr>
<tr>
<td>Other Licenses &amp; Permits</td>
<td>1,745,900</td>
</tr>
<tr>
<td>Fines &amp; Forfeitures</td>
<td>297,000</td>
</tr>
<tr>
<td>Interest &amp; Rentals</td>
<td>407,000</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>1,541,958</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>4,833,259</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,477,671</td>
</tr>
</tbody>
</table>

**Total Operating Revenues** | **67,796,559**

**Transfers in** | **0**

**Total Operating Revenues** | **67,796,559**

**Proposed Increase to VLF** | **40,000**

**Total General Fund Revenues** | **67,836,559**

---

**Table 3: General Fund Expenditures for FY 16-17**

<table>
<thead>
<tr>
<th>General Fund Expenditures (by Department)</th>
<th>FY 2016-2017 Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Attorney</td>
<td>488,250</td>
</tr>
<tr>
<td>City Clerk</td>
<td>374,731</td>
</tr>
<tr>
<td>City Council</td>
<td>286,368</td>
</tr>
<tr>
<td>City Manager</td>
<td>1,102,970</td>
</tr>
<tr>
<td>City Treasurer</td>
<td>319,302</td>
</tr>
<tr>
<td>Finance</td>
<td>1,929,291</td>
</tr>
<tr>
<td>Fire</td>
<td>15,040,916</td>
</tr>
<tr>
<td>Human Resources</td>
<td>817,765</td>
</tr>
<tr>
<td>Library</td>
<td>2,315,461</td>
</tr>
<tr>
<td>Planning &amp; Building Safety</td>
<td>2,704,728</td>
</tr>
<tr>
<td>Police &amp; Information Systems</td>
<td>21,989,427</td>
</tr>
<tr>
<td>Public Works</td>
<td>7,250,300</td>
</tr>
<tr>
<td>Recreation &amp; Parks</td>
<td>5,697,119</td>
</tr>
<tr>
<td>Non-department</td>
<td>5,725,790</td>
</tr>
</tbody>
</table>

**Total Operating Budget** | **66,042,418**

**Transfers out** | **600,000**

**Total Expenditure Budget** | **66,642,418**

**Proposed change to Non-Depart** | **(51,375)**

**Proposed change to IS** | **8,600**

**Total General Fund Expenditures** | **66,599,643**

---

**General Fund Revenues**

General Fund projected revenues for FY2015-2016 are estimated at $64,629,167. This is about $1.4 million over the adopted FY 2015-16 budget. The FY 2016-17 revenues are projected to be $3.2 million or 5% higher than the year-end estimate and $4.6 million over the adopted budget for fiscal year 2015-16. This increase is primarily driven by Voters' approval of Measure B in April of 2016. Measure B approved a rate change from 8% to 12% in the Transient Occupancy Tax (T.O.T.). In addition, there are two new hotels coming online in FY 2016-17.

Listed below is a summary of the revenue assumptions as compared to the prior year budget:

- **Transient Occupancy Tax (TOT)** increase of $3.5 million is the result of the approved rate change from 8% to 12%, in addition to the two new/remodeled hotels coming into the City.

- **Sales & Use Tax** increase of $1.2 million is based on consumer spending, as provided by HDL Companies, the City’s tax revenue consultant. This amount does not consider the cessation of the “triple flip” which used to be accounted for under a separate account called “Sales Tax in-Lieu.” The Sales Tax in-Lieu was budgeted at $2.2M for FY 2015-
16 and will be $0 for FY 2016-17. This tax comes to an end in July 2016. The “triple flip” was a backfill from the State which was approved by the voters in 2003 under Proposition 57, to finance the State’s Fiscal Recovery Bonds. Under this Proposition, the State took ¼ of local agencies’ sales tax revenue and backfilled it with like amount in property taxes. The “triple flip” continued for almost 15 years until the bonds were paid off in fiscal year 2015-2016 by the State.

- **Franchise Tax** is expected to increase by $750,000 or 30.6% due to a recent change of calculating the municipal surcharge from the sale of natural gas which considers not only the gross receipts from the sale but also from the annual receipts arising from the use, operation, or possession of the franchise within the municipality.

- **Business License Tax** increase of $214,520 or 1.9% is based on business license tax rates being adjusted by the annual CPI change. In addition, a new business discovery project identifies non-compliant businesses throughout the City coupled with inter-departmental effort to cross reference databases to ensure permits and licenses are current.

- **Property Tax** increase of approximately $394,000 is attributed to continued high property values, as determined by HDL Companies.

- **Utility Users’ Tax (UUT)** combines all the utility users’ taxes from gas, water, telecommunications, cogenerated electric, and electricity and has a projected net decrease of $888,000 or 11% under the current year’s estimated resources. The most significant change is due to a projected decrease of $800,000 in Gas and Cogenerated Utility Users’ Tax revenue. These revenue categories are susceptible to market fluctuations to both the demand and price of natural gas.

- **Intergovernmental revenues** including VLF (Vehicle License Fees) Swap is expected to increase $230,658 or 19%. VLF, a fee charged by the State for operating vehicles on public streets, is based on 2% of the market value of motor vehicles based on an 11-year depreciation schedule. In 1998, legislation was passed to reduce the VLF 25% and 35% by 2001. As a result of these reductions, cities and counties would have experienced a significant revenue loss; however, legislation was also passed to backfill this loss as long as the State General Fund revenues come within certain targets; hence, the title VLF Swap. Initially, this revenue was called Motor Vehicle License Fees. **Since the September 6th Budget Study Session, this revenue has been increased by an additional $40,000 resulting from updated estimates from our consultant, Hdl.**

- **Building Permits and Plan Check Fees** are projected to increase $250,000 total, to reflect development activities in the City.

- All other revenues remain flat or have very little growth.

**General Fund Expenditures**

FY 2016-2017 General Fund budgeted expenditures, including transfers out, reflect an increase of $2.9 million over last year’s year-end estimate ($66,599,643 v. $63,682,184). Major increases
are attributed to: Workers’ Compensation $1.4 million; Group Insurance $829,838; Retirement (CalPERS) Contribution $389,386; Leave Payouts $182,700; FICA $109,927; Contractual Services $187,389; Software Maintenance $62,374; Training Materials $54,100; Training & Education $39,850; In-Custody Medical Charges $14,900; and Lease Payment $5,950. Some of these increases are offset by decreases in the following categories: Regular Salaries ($188,782) due to attrition; 401(a) Contribution ($259,800) due to termination of this benefit. In addition to the base operating budget, critical infrastructure, technology and positions in an amount of $3.35 million, that were discussed by City Council at the September 6, 2016 Budget Study Session, are included in the preliminary budget for Council’s review. Below is a list of the additional $3.35 million in items that have not been included in the General Fund base expenditure budget. City Council will need to decide how to close the funding gap of $164,350.

Table 4 – Fiscal Year 2016-2017 Critical Infrastructure, Technology & Positions that require Council approval:

<table>
<thead>
<tr>
<th>FY 2016-2017 General Fund Reserve Policy &amp; Funding Priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated GF reserves * - 18% of expenditures</td>
</tr>
<tr>
<td>City Council &amp; City Manager Recommended Funding Priorities</td>
</tr>
<tr>
<td>#1 - CES Turf Replacement</td>
</tr>
<tr>
<td>#2 - Police Roof</td>
</tr>
<tr>
<td>#3 - Annual sidewalk, curb and gutter</td>
</tr>
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<td>#4 - Arterial &amp; local street rehab ($500k)</td>
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<tr>
<td>#9 - CAD / RMS Replacement ($310k)</td>
</tr>
<tr>
<td>#10 - Community Cameras and Fixed License Plate Readers ($125k over 3 yrs)</td>
</tr>
<tr>
<td>#11 - Technology (Tele-staff $56.1k, Doc Imaging $100k, additional technology/website needs $100k)</td>
</tr>
<tr>
<td>#12 - Staffing Requests - $876,900/year ongoing (see attachment 5 for itemization)</td>
</tr>
<tr>
<td>#13 - Fire Station Alert System</td>
</tr>
<tr>
<td>Total Requests</td>
</tr>
<tr>
<td>Undesignated GF Reserves Remaining Balance</td>
</tr>
</tbody>
</table>
**Transfers from the General Fund:** Consistent with the prior years, $350,000 will be transferred from the General Fund to the Facilities Maintenance Fund to cover unforeseen or emergency repairs throughout the City. This amount is on top of the $1.8 million allocated for maintenance of government buildings under the Public Works Department. In addition, staff is proposing a $250,000 transfer to the Economic Uncertainty Fund. This brings the total of the Economic Uncertainty Fund reserve to $1.5 million.

**Other Funds**

**Internal Service Funds**

The Internal Service Funds, which include Equipment Replacement, General Liability, and Workers’ Compensation, are used to accumulate and allocate costs internally among the City’s various functions.

The Equipment Replacement Fund will charge 100% of the annual equipment replacement charge to all funds, or $1.8 million. Total expenditures of $5,297,300 are the FY 2016-2017 estimated costs to purchase items that are scheduled for replacement. Actual purchases will be reviewed based on equipment conditions. There is enough accumulated fund balance to fund for these items.

The General Liability and Workers’ Compensation Funds have been funded at the actuarially determined expected rate. The City obtained the latest actuarial valuations of the City’s General Liability and Workers’ Compensation actuarial valuation in May 2016. This resulted in a total worker’s compensation charge to other funds of $2,188,434.

**Enterprise Funds**

The Enterprise Funds include Water and Sewer Funds. These funds also include an additional Capital Outlay amount of $3.3 million and $2.9 million, respectively, which is funded through reserves for Capital Projects within the funds.

The Golf Course Fund has debt service payments to the General Fund and Equipment Replacement Fund. However, if the full amount of the outstanding amount payable to these funds exceeds the fund balance in the Golf Course Fund, then repayment cannot be made in that year. Collectively, these are all separate funds where the City charges a fee to customers to cover the costs of services it provides.

Below is a budget summary of the three Enterprise Funds:
Table 5 – Enterprise Funds Budget – Fiscal Year 2016-2017

<table>
<thead>
<tr>
<th></th>
<th>Water</th>
<th>Wastewater</th>
<th>Golf Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$29,627,487</td>
<td>$3,310,355</td>
<td>$1,842,000</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$26,547,583</td>
<td>$3,557,418</td>
<td>$1,936,375</td>
</tr>
<tr>
<td>Net Operating</td>
<td>$3,079,904</td>
<td>$(247,063)</td>
<td>$(94,375)</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$3,300,000</td>
<td>$2,930,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

Summary

The City Council’s FY 2015-16 reserve policy directed the General Fund reserve to increase from current level of 19% to 20% of the greater of appropriated revenues or expenditures for FY 2016-17. City Council has the discretion to slow down the rate of achieving the 20% reserve by setting the actual funding of the reserve to be less than 20% for FY 2016-17 with the objective of funding the 20% in future years.

On August 29, 2016, four options were presented for City Council’s consideration in determining the level of General Fund reserves. City Council unanimously directed staff to proceed with reserve policy option 4, 18% of General Fund expenditures for the FY 2016-17 Budget.

Overall, General Fund Revenues are growing at a rate of 5% compared to the 2015-16 year-end estimate. The FY 2016-17 General Fund budgeted expenditures, including transfers out, show an increase of $2.2 million over last year’s adopted budget and an increase of $2.9 million of last year’s estimated year-end expenditures.

In addition to the base operating budget, some critical infrastructure, technology and positions in an amount of $3.35 million will be discussed by City Council for possible approval.

The General Fund budgeted revenues exceed the General Fund budgeted expenditures by $1.2 million. This enables the City Council to address critical infrastructure needs, deferred maintenance and repairs, critical technology upgrades, and organizational structural needs in the FY 2016-17 budget, while continuing to fund reserves. The General Fund will have a reserve policy of 18% of expenditures as approved by City Council on August 29, 2016, or $12 million. The Economic Uncertainty Fund will have a reserve level at $1.5 million.

The next step in the FY 2016-2017 budget process is the second public hearing and final budget adoption on September 28, 2016.
PLACE HOLDER

ITEM #2 – ATTACHMENT #1 –

FY 2016-2017 PRELIMINARY BUDGET

THE ATTACHMENT HAS BEEN POSTED SEPERATELY ON THE
CITY’S WEBSITE –

http://www.elsegundo.org/depts/elected/agendas.asp

See Council Meeting Agenda Packet 08-29-16 SPECIAL –
Item #3 - FY 16/17 Proposed Budget

Any questions or concerns, please contact the City Clerk’s Office at 310-524-2306
### CITY OF EL SEGUNDO
### BUDGET REVISIONS LIST
### FISCAL YEAR 2016-2017 ADOPTED BUDGET

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Revenue Budget - General Fund</td>
<td>$67,796,559</td>
</tr>
<tr>
<td>Increase in VLF Swap</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Revised Revenue Budget - General Fund</strong></td>
<td><strong>$67,836,559</strong></td>
</tr>
<tr>
<td>Proposed Expenditure Budget, Including Transfers Out - General Fund</td>
<td>$66,642,418</td>
</tr>
<tr>
<td>Police</td>
<td></td>
</tr>
<tr>
<td>IS - Increase in Network Operating Charges</td>
<td>8,600</td>
</tr>
<tr>
<td>Non-Department</td>
<td></td>
</tr>
<tr>
<td>Decrease in Building Lease Charge</td>
<td>(51,375)</td>
</tr>
<tr>
<td><strong>Revised Expenditure Budget, Including Transfers Out - General Fund</strong></td>
<td><strong>$66,599,643</strong></td>
</tr>
<tr>
<td>Proposed Revenue Budget, Including Transfers In - Other Funds</td>
<td>$42,674,717</td>
</tr>
<tr>
<td>Proposed Expenditure Budget - Other Funds</td>
<td>$51,903,818</td>
</tr>
<tr>
<td>Residential Sound Insulation Fund (116)</td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>(1,116,887)</td>
</tr>
<tr>
<td>Maintenance and Operations</td>
<td>(209,700)</td>
</tr>
<tr>
<td><strong>Revised Expenditure Budget, Including Transfers Out - Other Funds</strong></td>
<td><strong>$50,577,231</strong></td>
</tr>
<tr>
<td>Revised Revenue Budget, Including Transfers In - All Funds</td>
<td>$110,511,276</td>
</tr>
<tr>
<td>Revised Expenditure Budget, Including Transfers Out - All Funds</td>
<td>$117,176,874</td>
</tr>
</tbody>
</table>
EXHIBIT 3

Fund Balance Policy

Purpose - To mitigate current and future risks and to ensure a balanced budget

While our financial reserves provide us security against unexpected emergencies and contingencies, our policies for setting those target levels should be periodically reviewed to balance our community’s level of risk tolerance against our operating expenditure needs.


2. For Fiscal Year ended September 30, 2018, increase the target General Fund Unreserved, Undesignated Fund Balance at a minimum of 18% of General Fund Expenditures, with a maximum target of 20%.

3. For Fiscal Year ended September 30, 2019, increase the target General Fund Unreserved, Undesignated Fund Balance at a minimum of 18% of General Fund Expenditures, with a maximum target of 20%.

4. The long-term General Fund reserve policy objective is to increase the target General Fund Unreserved, Undesignated Fund Balance to 20% of General Fund Expenditures.
EXHIBIT 3

*Balanced Operating Budget*

The City Council’s policy is that General Fund annually adopted Appropriations must not exceed General Fund annually adopted Estimated Revenues.
EXHIBIT 4

Revenue Offset Reserve Policy

Purpose - To mitigate current and future risks due to fluctuations in the City’s 5 core tax revenues (net of Chevron). These core revenues are Sales and Use Tax, Sales Tax In Lieu, Business License Tax, Transient Occupancy Tax, Franchise Tax, and the Gas-Utility Users Taxes - Electric Utility Users Tax.

Based on a staff recommendation the City Council has elected to adopt a Revenue Offset Reserve Policy to address the instability of the City’s Core Revenues.

1. Beginning Fiscal Year ending September 30, 2014, establish a Revenue Offset Reserve Balance designated within the Economic Uncertainty Fund at a minimum of $750,000 from General Fund Revenues. This amount is to be transferred to the Economic Uncertainty Fund and designated for revenue offset.

2. For Fiscal Year ending September 30, 2015 2017, increase Revenue Offset Reserve-the Economic Fund Uncertainty Balance by an additional $1,500,000 - 750,000 by transferring $250,000 from General Fund Revenues, if after the fund balance calculation there is available excess fund balance to transfer.

3. Thresholds established:

a. Minimum balance of $1,500,000.

b. The maximum balance shall be $2,000,000.

4. Once target level is reached, transfer the excess into the Undesignated Reserves in Economic Uncertainty to reevaluate the appropriate funding level each fiscal year during the budget adoption process.

Use of Reserves
EXHIBIT 4

This policy requires that these funds be used for balancing the General Fund Operating Budget in those years when the core revenues are experiencing downward swings.

Annually, to determine if the Fund reserves should be used to offset revenue loss, staff will calculate the baseline 10-year rolling average for the aggregate of the 5 revenue categories. In a year that the revenues are under performing to this calculation reserves will be transferred to the General Fund to offset this loss of revenue and reported to Council during budget adoption.

If revenues are over performing to this calculation the above minimum, maximum and target level funding instructions should be followed. The excess revenue shall be used to achieve the maximum reserve funding level ($2.0 M) or transferred to the undesignated balance in the Economic Uncertainty Fund.
EXHIBIT 4

Revenue Offset Reserve Policy

Purpose - To mitigate current and future risks due to fluctuations in the City’s core tax revenues (net of Chevron). These core revenues are Sales and Use Tax, Business License Tax, Transient Occupancy Tax, Franchise Tax, and the Utility Users Taxes.

Based on a staff recommendation the City Council has elected to adopt a Revenue Offset Reserve Policy to address the instability of the City’s Core Revenues.

1. For Fiscal Year ending September 30, 2017, increase the Economic Fund Uncertainty Balance to $1,500,000 by transferring $250,000 from General Fund Revenues, if after the fund balance calculation there is available excess fund balance to transfer.

2. Thresholds established:
   a. Minimum balance of $1,500,000.
   b. The maximum balance shall be $2,000,000.

3. Once target level is reached, reevaluate the appropriate funding level each fiscal year during the budget adoption process.

Use of Reserves

This policy requires that these funds be used for balancing the General Fund Operating Budget in those years when the core revenues are experiencing downward swings.

Annually, to determine if the Fund reserves should be used to offset revenue loss, staff will calculate the baseline 10-year rolling average for the aggregate of the 5 revenue categories. In a year that the revenues are under performing to this calculation reserves will be transferred to the General Fund to offset this loss of revenue and reported to Council during budget adoption.
EXHIBIT 4

If revenues are over performing to this calculation the above minimum, maximum and target level funding instructions should be followed. The excess revenue shall be used to achieve the maximum reserve funding level ($2.0 M).
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<th>Exhibit 5: FY 2016-2017 General Fund Reserve Policy &amp; Funding Priorities</th>
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</tr>
<tr>
<td>#12 - Staffing Requests ($876,900/year ongoing)</td>
</tr>
<tr>
<td>Emergency Management Coordinator ($140k/year - $105k for FY 16-17)</td>
</tr>
<tr>
<td>IS Director ($226k/yr - $132k for FY 16-17)</td>
</tr>
<tr>
<td>Restore CUPA position ($124k/year - $93k for FY 16-17)</td>
</tr>
<tr>
<td>Equipment Mechanic II - New Position - $87,000</td>
</tr>
<tr>
<td>Community Cameras/Fixed License Plate Readers (add'l IS Specialist $128k/yr - $96k for FY 16-17)</td>
</tr>
<tr>
<td>Recl City Clerk Records Tech from P/T to F/T - $50,900</td>
</tr>
<tr>
<td>Add City Eng/Eliminate 1 Principal Civil Eng - $28k</td>
</tr>
<tr>
<td>Additional P/T Rec Park P/T salaries - $10k</td>
</tr>
<tr>
<td>Library 3 P/T positions into 1 FTE - $13k/year - $0 for FY 16-17</td>
</tr>
<tr>
<td>Fire reclass FF to FF Paramedic - $12k</td>
</tr>
<tr>
<td>Parks reclass 2 P/T maint to 2 F/T - $58k</td>
</tr>
<tr>
<td><strong>#13 - Fire Station Alert System</strong></td>
</tr>
<tr>
<td><strong>Total Requests</strong></td>
</tr>
<tr>
<td><strong>Undesignated GF Reserves Remaining Balance</strong></td>
</tr>
</tbody>
</table>

* Excludes any reserves for labor groups’ negotiations.
<table>
<thead>
<tr>
<th>Code</th>
<th>Fund Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>001</td>
<td>General Fund</td>
<td>360,688.97</td>
</tr>
<tr>
<td>104</td>
<td>Traffic Safety Fund</td>
<td></td>
</tr>
<tr>
<td>106</td>
<td>State Gas Tax Fund</td>
<td>280,070.76</td>
</tr>
<tr>
<td>108</td>
<td>Associated Recreation Activities Fund</td>
<td></td>
</tr>
<tr>
<td>109</td>
<td>Asset Forfeiture Fund</td>
<td></td>
</tr>
<tr>
<td>111</td>
<td>Comm. Devel. Block Grant</td>
<td>864.00</td>
</tr>
<tr>
<td>122</td>
<td>Prop A Transportation</td>
<td>352.50</td>
</tr>
<tr>
<td>144</td>
<td>Prop C Transportation</td>
<td>37.50</td>
</tr>
<tr>
<td>116</td>
<td>Home Sound Installation Fund</td>
<td>1,811.71</td>
</tr>
<tr>
<td>117</td>
<td>Hyperion Mitigation Fund</td>
<td>450.02</td>
</tr>
<tr>
<td>118</td>
<td>TMAC Article 3 SB 621 Bridgeway Fund</td>
<td></td>
</tr>
<tr>
<td>119</td>
<td>MTA Grant</td>
<td></td>
</tr>
<tr>
<td>121</td>
<td>FEMA</td>
<td></td>
</tr>
<tr>
<td>120</td>
<td>C.O.P.S. Fund</td>
<td></td>
</tr>
<tr>
<td>122</td>
<td>LAWA Fund</td>
<td></td>
</tr>
<tr>
<td>202</td>
<td>Assessment District #73</td>
<td></td>
</tr>
<tr>
<td>301</td>
<td>Capital Improvement Fund</td>
<td>99,796.24</td>
</tr>
<tr>
<td>302</td>
<td>Infrastructure Replacement Fund</td>
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</tr>
<tr>
<td>405</td>
<td>Facilities Maintenance</td>
<td>6,235.00</td>
</tr>
<tr>
<td>501</td>
<td>Water Utility Fund</td>
<td>353,998.65</td>
</tr>
<tr>
<td>502</td>
<td>Wastewater Fund</td>
<td>1,777.25</td>
</tr>
<tr>
<td>503</td>
<td>Golf Course Fund</td>
<td>61,617.24</td>
</tr>
<tr>
<td>501</td>
<td>Equipment Replacement</td>
<td>32,921.14</td>
</tr>
<tr>
<td>502</td>
<td>Liability Insurance</td>
<td>59.00</td>
</tr>
<tr>
<td>503</td>
<td>Workers Comp. Reserve/Insurance</td>
<td>120.54</td>
</tr>
<tr>
<td>701</td>
<td>Retired Emp. Insurance</td>
<td>6,105.69</td>
</tr>
<tr>
<td>702</td>
<td>Expendable Trust Fund - Developer Fees</td>
<td>1,932.88</td>
</tr>
<tr>
<td>703</td>
<td>Expendable Trust Fund - Other</td>
<td>68,219.55</td>
</tr>
<tr>
<td>708</td>
<td>Outside Services Trust</td>
<td>1,782.50</td>
</tr>
</tbody>
</table>

**Total Warrants:** $1,280,002.23

---

**STATE OF CALIFORNIA**
**COUNTY OF LOS ANGELES**

Information on actual expenditures is available in the Director of Finance'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/urgent payments for materials, supplies and services in support of City Operations

**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 payment 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.

**DATE:**

**FINANCE DIRECTOR:**

**CITY MANAGER:**

**DATE:**
# CITY OF EL SEGUNDO
## PAYMENTS BY WIRE TRANSFER
### 8/29/16 THROUGH 9/11/16

<table>
<thead>
<tr>
<th>Date</th>
<th>Payee</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/29/2016</td>
<td>IRS</td>
<td>252,936.03 Federal 941 Deposit</td>
</tr>
<tr>
<td>8/29/2016</td>
<td>Employment Development</td>
<td>3,528.98 State SDI payment</td>
</tr>
<tr>
<td>8/29/2016</td>
<td>Employment Development</td>
<td>52,750.06 State PIT Withholding</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Unum</td>
<td>193.50 Long Term Care Premium</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Cal Pers</td>
<td>1,554.21 EFT Retirement Safety-Fire-PEPRA New</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Cal Pers</td>
<td>4,905.37 EFT Retirement Safety-Policing-PEPRA New</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Cal Pers</td>
<td>28,810.22 EFT Retirement Misc - PEPRA New</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Cal Pers</td>
<td>104,219.73 EFT Retirement Misc - Classic</td>
</tr>
<tr>
<td>8/31/2016</td>
<td>Cal Pers</td>
<td>285,886.63 EFT Retirement Safety</td>
</tr>
<tr>
<td>9/2/2016</td>
<td>Health Comp</td>
<td>8,182.60 Weekly claims</td>
</tr>
<tr>
<td>9/9/2016</td>
<td>Manufacturers &amp; Traders</td>
<td>20,603.04 457 payment Vantagepoint</td>
</tr>
<tr>
<td>9/9/2016</td>
<td>Manufacturers &amp; Traders</td>
<td>527.31 IRA payment Vantagepoint</td>
</tr>
<tr>
<td>9/9/2016</td>
<td>Nationwide NRS EFT</td>
<td>53,331.62 EFT 457 payment</td>
</tr>
<tr>
<td>9/9/2016</td>
<td>State of CA EFT</td>
<td>1,006.91 EFT Child support payment</td>
</tr>
<tr>
<td>9/7/2016</td>
<td>Cal Pers</td>
<td>467,370.41 EFT Health Insurance Payment</td>
</tr>
<tr>
<td>9/1/2016</td>
<td>Lane Donovan Golf Ptr</td>
<td>24,164.76 Payroll Transfer</td>
</tr>
<tr>
<td>8/22/16-8/28/16</td>
<td>Workers Comp Activity</td>
<td>10,424.50 SCRMA checks issued</td>
</tr>
<tr>
<td>8/29/16-9/4/16</td>
<td>Workers Comp Activity</td>
<td>20,350.91 SCRMA checks issued</td>
</tr>
<tr>
<td>8/22/16-8/28/16</td>
<td>Liability Trust - Claims</td>
<td>5,211.00 Claim checks issued</td>
</tr>
<tr>
<td>8/29/16-9/4/16</td>
<td>Liability Trust - Claims</td>
<td>0.00 Claim checks issued</td>
</tr>
<tr>
<td>8/22/16-9/28/16</td>
<td>Retiree Health Insurance</td>
<td>0.00 Health Reimbursement checks issued</td>
</tr>
<tr>
<td>8/29/16-9/4/16</td>
<td>Retiree Health Insurance</td>
<td>35,036.66 Health Reimbursement checks issued</td>
</tr>
</tbody>
</table>

**Total Payments by Wire:**

1,380,994.45

---

**DATE OF RATIFICATION: 9/8/16**

**TOTAL PAYMENTS BY WIRE:**

1,380,994.45

Certified as to the accuracy of the wire transfers by:

**Deputy City Treasurer II**

Date 9/8/16

**Director of Finance**

Date 9/13/16

**City Manager**

Date 9/12/16

Information on actual expenditures is available in the City Treasurer's Office of the City of El Segundo.
CALL TO ORDER– Mayor Fuentes at 4:00 PM

ROLL CALL

Mayor Fuentes - Present
Mayor Pro Tem Boyles - Present
Council Member Dugan - Present
Council Member Brann - Present
Council Member Pirsztuk - Present

SPECIAL ORDERS OF BUSINESS:

1. Consideration and possible action to interview candidates for the Planning Commission, Environmental Committee, Library Board of Trustees and Senior Citizen Housing Corporation Board.
   (Fiscal Impact: None)

   Interviewed candidates; the following appointments will be announced at the 7:00 PM, September 6, 2016 City Council Meeting. Ryan Baldino and Brenda Newman to the Planning Commission to full terms expiring June 30, 2020; Janice Merva to the Library Board of Trustees to a full term expiring June 30, 2019; Martin Stone and Patricia Gerber to the Senior Citizen Housing Corporation Board to full terms expiring June 30, 2020 and Kristi Zeman to a partial term expiring June 30, 2019 and Caroline Hawks to a full term expiring June 30, 2020 to the Environmental Committee.

Recessed at 6:18 PM

Reconvened at 6:58 PM

BUDGET WORKSHOP – OPEN SESSION

PLEDGE OF ALLEGIANCE – Council Member Dugan

PUBLIC COMMUNICATIONS – (Related to City Business Only) – 5 minute limit per person, 30 minute limit total
Penny Armstrong, Library Board of Trustees and resident, commented on the Library’s request for a full time librarian.
Sara Whelan, Library Board of Trustees and resident, commented on the Library’s request for a full time librarian.

2. Consideration and possible action regarding adoption of a Resolution authorizing the City Manager to execute a contract, accepting $47,674.00 in grant funding from the Department of Alcoholic Beverage Control (ABC).
   (Fiscal Impact: $0.00).
Greg Carpenter, City Manager, introduced the item.

MOTION by Council Member Brann, SECONDED by Council Member Dugan to adopt Resolution No. 4996, authorizing the City Manager to execute an agreement with the ABC, accepting $47,674.00 in grant funding. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0.

3. Consideration and possible action regarding City Council guidance to staff for preparing the Fiscal Year 2016-2017 Proposed Budget. Staff will present Fiscal Year 2015-2016 third quarter updates, challenges/limitations, assumptions associated with preparation and planning of the upcoming fiscal year budget. (Fiscal Impact: None).

Greg Carpenter, City Manager, introduced and presented the budget.

Joe Lillio, Finance Director, presented the Fiscal Year 2015-2016 third quarter updates, challenges/limitations and assumptions associated with preparation and planning of the upcoming fiscal year budget.

Council discussion and questions answered throughout presentation on third quarter updates.

Joe Lillio, Finance Director, presented the Fiscal Year 2016-2017 Proposed Operating Budget.

Staff answered Council questions.

Recess at 7:50 PM

Reconvened at 8:02 PM

Discussion regarding the Reserve Policy Options, (#1-4) as prioritized by the City Manager.

Staff answered Council questions pertaining to the items presented in Option #4.

MOTION by Mayor Pro Tem Boyles, SECONDED by Council Member Brann to support Option #4; taking a stance of 18% of expenditures only, leaving undesignated general fund reserves of approximately $3.2 million. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

Appropriating the $3.2 million from the general fund will be moved to the September 6, 2016 City Council Meeting.

Discussion regarding Budget Neutral Requests, Budget Requests from other Funds and Additional General Fund Budget Requests – Unfunded.

Council Discussion

Sam Lee, Planning Building and Safety, gave a presentation on his department’s Budget Neutral Request.

Staff answered Council questions regarding the Budget Neutral Requests, Budget Requests from other Funds and Additional General Fund Budget Requests – Unfunded.
The Budget Workshop will continue to the September 6, 2016 Council Meeting.

September 20, 2016 is the first reading of the Proposed FY 2016-17 Budget.

September 28, 2016 is the second reading and adoption of the FY 2016-17 adoption.

ADJOURNMENT at 9:45 PM

_________________________
Tracy Weaver, City Clerk
SPECIAL MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, SEPTEMBER 6, 2015 – 4:00 P.M.

Committees, Commissions and Boards - Interview of Candidates
(Possibly will continue and run simultaneously with the regular scheduled 5 PM City Council Meeting)

CALL TO ORDER – 4:05 PM

ROLL CALL

Mayor Fuentes - Present
Mayor Pro Tem Boyles - Present
Council Member Dugan - Present
Council Member Brann - Present
Council Member Pirsztuk - Present

PUBLIC COMMUNICATIONS - (Related to City Business Only - 5 minute limit per person, 30 minute limit total). None

SPECIAL MATTERS: -1- matter

Consideration and possible action to interview candidates for the Arts and Culture Advisory Committee and Technology Committee.
(Fiscal Impact: None)

Interviewed Candidates

No appointments were made at this time, interviews will continue to a future meeting.

Adjourned at 6:15 PM and moved into the regularly scheduled 5:00 PM meeting.

______________________________
Tracy Weaver, City Clerk
REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL
TUESDAY, SEPTEMBER 6, 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 Boyles - Present
Council Member Dugan - Present
Council Member Brann - Present
Council Member Pirsztuk - Present

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

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. Lewis vs. City of El Segundo. EAMS No. ADJ9634084, ADJ9634079

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): -2- matter

Public Employee Performance Evaluation
Title: City Manager

Public Employee Performance Evaluation
Title: City Attorney

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: Employee Organizations: Police Management
   Association; Police Officers Association; Police Support Services Employees
   Association; Fire Fighters Association; Supervisory and Professional Employees
   Association; Employees Association;

   Agency Designated Representative: Steve Filarsky and City Manager

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

Adjourned at 6:50 PM
REGULAR MEETING OF THE EL SEGUNDO CITY COUNCIL  
TUESDAY, SEPTEMBER 6, 2016 - 7:00 P.M.

7:00 P.M. SESSION

CALL TO ORDER – Mayor Fuentes at 7:00 PM

INVOCATION – Jim Chaney, Church of the Beach Cities

PLEDGE OF ALLEGIANCE – Council Member Pirsztuk

PRESENTATIONS

a) Presentation by Meredith Petit, Recreation and Parks Director and Stu Issac, Issac Sports Group, gave an update of the Wiseburn/El Segundo Aquatics Center. Council discussed and asked questions.

Recessed at 8:23 PM

Reconvened at 8:30 PM

ROLL CALL

Mayor Fuentes - Present
Mayor Pro Tem Boyles - Present
Council Member Dugan - Present
Council Member Brann - Present
Council Member Pirsztuk - Present

PUBLIC COMMUNICATIONS – (Related to City Business Only – 5 minute limit per person, 30 minute limit total)
Marcos Song, Southern California Labor Compliance, commented on agenda item #E17.

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.

MOTION by Council Member Brann, SECONDED by Mayor Pro Tem Boyles 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

(ITEMS C1 AND C2 SWITCHED ORDER)

2. Consideration and possible action to modify the El Segundo Ambulance Transport Fee Structure.
   (Fiscal Impact: Unknown)

   Greg Carpenter, City Manager, introduced the item.

   Chris Donovan, Fire Chief, gave a presentation and answered Council’s questions.

   Council Discussion

   MOTION by Mayor Pro Tem, SECONDED by Council Member Brann approving the adoption of the Annual Los Angeles County General Public Ambulance Rates in its entirety and eliminate the residential co-pay for ambulance transport as of July 2016. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0.

   1. Continuation of the August 29, 2016 special meeting to consider action regarding City Council guidance to staff for preparing the Fiscal Year 2016-2017 Proposed Budget. Staff will present the City Manager’s recommended funding priorities associated with the General Fund reserve policy of 18% (option 4) and ask Council for direction on the prioritization of the recommended priorities.
      (Fiscal Impact: None)

   Greg Carpenter, City Manager, introduced the item.

   Joe Lillio, Finance Director, gave a presentation and answered Council’s questions.

   Council Discussion

   Council provided direction on the City Manager’s priorities for the Fiscal Year 2016-2017 Proposed Operating Budget. Council directed staff to present a plan, to solve the $300,000.00 gap, with a look at reprioritizing the items discussed and requested each department justify personnel requests. The proposed budget will be brought back to the September 20th Council meeting for final discussion and adoption of the budget at a Special Meeting on September 28, 2016.

   Council consensus stated that going forward, changes to the Organizational Chart must be justified whether adding or reorganizing staff in a department.
3. Consideration and possible action to dissolve existing Community Cable Advisory Committee and possibly combine it with another established Commission or Committee.
   (Fiscal Impact: None)

Greg Carpenter, City Manager, introduced the item.

Meredith Petit, Recreation and Parks Director reported on the item.

Council Discussion

MOTION by Council Member Brann, SECONDED by Council Member Pirsztuk approving the dissolution of the existing Community Cable Advisory Committee and combine with the newly formed Arts and Culture Advisory Committee. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0.

D. REPORTS OF COMMITTEES, COMMISSIONS AND BOARDS

4. Consideration and possible action to form a Subcommittee to study alternatives and develop a recommendation for Planning Commission and City Council consideration on development standards that regulate second story additions and new two-story homes in the R-1 zone.
   (Fiscal Impact: None)

Greg Carpenter, City Manager, introduced the item.

Sam Lee, Planning and Building Safety Director, answered Council’s questions.

Council Discussion

Council consensus giving direction to the Planning Commission to form a subcommittee to study alternatives to the modulation requirements in the Single-Family Residential (R-1) Zone. Council Member Dugan will be on the Subcommittee representing Council.

5. Consideration and possible action to announce the appointments to the Planning Commission, Environmental Committee, Library Board of Trustees and Senior Citizen Housing Corporation Board.
   (Fiscal Impact: None)

Mayor Fuentes announced the appointments of Ryan Baldino and Brenda Newman to the Planning Commission to full terms expiring June 30, 2020; appointed Janice Merva to the Library Board of Trustees to a full term expiring June 30, 2019; appointed Martin Stone and Patricia Gerber to the Senior Citizen Housing Corporation Board to full terms expiring June 30, 2020 and appointed Kristi Zeman to a partial term expiring June 30, 2019 and Caroline Hawks to a full term expiring June 30, 2020 to the Environmental
Committee. The interviews for these appointments were held on August 29th, 2016 at a Special City Council Meeting.

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.

6. Approve Warrant Numbers 3012487 through 3012826 on Register No. 22 in the total amount of $1,538,236.60 and Wire Transfers from 8/8/16 through 8/28/16 in the total amount of $3,410,715.17. Ratified Payroll and Employee Benefit checks; checks released early due to contracts or agreement; emergency disbursements and/or adjustments; and wire transfers.


8. Approve a Side Letter between the City of El Segundo and the Supervisory and Professional Employees' Association (SPEA), Amendment No. 4064C, a revised Class Specification for the classification of Environmental Safety Manager, and examination plan for Environmental Safety Manager.
(Fiscal Impact: None)

9. Accept as complete the FY 2014/15 and 2015/16 Sidewalk, Curb and Gutter Replacement Project and authorize the City Clerk to file a Notice of Completion in the County Recorder's Office. Project No. PW 14-16.
(Fiscal Impact: $729,063.00)

10. PULLED BY COUNCIL MEMBER BRANN

11. Approve, receive and file the request to allow a Type 47 alcohol license for a new restaurant with outdoor seating. This request will modify and supersede a previously-approved administrative use permit for Whole Foods Market at Plaza El Segundo (760 South Sepulveda Boulevard), in the Commercial Center (C-4) zone. Applicant: Mrs. Gooch's Natural Foods Markets, Inc.
(Fiscal Impact: None)

12. PULLED BY COUNCIL MEMBER DUGAN

13. Authorize the City Manager to execute a standard Public Works Contract No 5195, in a form approved by the City Attorney, with Stephen Doreck Equipment Rentals, Inc. in the amount of $124,270.00 for the Water Valve Replacement Project at multiple locations on the following streets: Hillcrest St., Cedar St., Holly Ave., Walnut Ave., Mariposa Ave. and Eucalyptus St. and
authorize additional contingency of $18,640.50 for unforeseen conditions. Project No. PW16-24. (Fiscal Impact: $142,910.50)

14. Approve, receive and file a request for a new on-site sale and consumption of alcohol (Type 47 ABC License) for a lobby/bar area of new hotel (Hampton Inn & Suites) under construction at 888 North Sepulveda Blvd, EA No. 1153, AUP No. 16-04. Applicant: Michael Haslett c/o OTO Development. (Fiscal Impact: N/A)

15. Approve, receive and file a request for a new on-site sale and consumption of alcohol (Type 41 ABC License) for a new restaurant (Ocean Market Grill No. 2) under construction at a new commercial center (Elevon at El Segundo) located at 735 N. Douglas Street, EA No. 1156, AUP No. 16-05, CUP No. 16-03. Applicant: Efthemios Tsiboukas (Fiscal Impact: N/A)

16. Approve, receive and file a request for a new on-site sale and consumption of alcohol (Type 41 ABC License) for a new restaurant (Lisa’s Bon Appétit) under construction at a new commercial center (Elevon at El Segundo) located at 747 N. Douglas Street, EA No. 1159, CUP No. 16-04, AUP No. 16-07. Applicant: Susanne Alexander (Fiscal Impact: N/A)

17. PULLED BY STAFF FOR CLARIFICATION

MOTION by Council Member Brann, SECONDED by Council Member Dugan to approve Consent Agenda items 6, 7, 8, 9, 11, 13, 14, 15, and 16. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

PULLED ITEMS:

10. Consideration and possible action regarding a request from the El Segundo Kiwanis Club to operate a Beer Garden on public right of way at the 40th Annual Richmond Street Fair on Saturday, September 24, 2016 from 11:00 am – 5:00 pm. (Fiscal Impact: None)

MOTION by Council Member Brann, SECONDED by Council Member Dugan approving the request from the El Segundo Kiwanis Club to operate a Beer Garden on public right of way at the 40th Annual Richmond Street Fair on Saturday, September 24, 2016 from 11:00 am – 5:00 pm., subject to compliance with all Alcohol Beverage Commission regulations and permits. MOTION PASSED BY VOICE VOTE. 4/1 YES: Boyles, Brann, Dugan, Pirzstuk NO: Fuentes
12. Consideration and possible action to award a standard Public Works Contract to Kana Subsurface Engineering for the Water Meter Replacement Project in Commercial Area Project. Project No. PW 10-04  
(Fiscal Impact: $1,186,088.00)

MOTION by Council Member Brann, SECONDED by Mayor Pro Tem Boyles 
authorizing the City Manager to execute a standard Public Works Contract No. 5194, in 
a form approved by the City Attorney, with Kana Subsurface Engineering in the amount 
of $1,031,381.00 for the Water Meter Replacement Project in Commercial Area East of 
Sepulveda Blvd. and Smokey Hollow area and authorize additional contingency of 
$154,707.00 for unforeseen conditions. Project No. PW16-04. MOTION PASSED BY 
VOICE VOTE. 4/1 YES: Boyles, Brann, Fuentes, Pirsztuk NO: Dugan

17. Consideration and possible action to 1) award a standard Public Works contract 
Letner Roofing Company for the Fire Station 1 Roof Replacement Project, 2) 
reject all bids for the Police Department Roof Replacement Project and 3) adopt 
plans and specifications for the Police Department roof and authorize staff to 
adVERTISE for the receipt of construction bids; PW No. 15-18. 
(Fiscal Impact: $333,000.00)

Council Discussion

Stephanie Katsouleas answered Council’s questions.

MOTION by Council Member Brann, SECONDED by Council Member Pirsztuk to award 
a standard Public Works Contract No. 5196 to Letner Roofing Company for the Fire 
Station 1 Roof Replacement Project and the Police Department Roof Replacement 
Project, directed staff to remove the Police Department Roof Replacement Project from 
the contract, adopt plans and specifications for the Police Department roof and 
authorize staff to advertise for the receipt of construction bids; PW No. 15-18. MOTION 
PASSED BY UNANIMOUS VOICE VOTE. 5/0

F. NEW BUSINESS

18. Adopt Resolution declaring that the El Segundo City Council opposes the Los 
Angeles County Metropolitan Authority’s proposed transportation ballot measure 
(Measure M) to be voted on this November by Los Angeles County voters. 
(Fiscal Impact: None)

Greg Carpenter, City Manager introduced the item.

Council Discussion
MOTION by Council Member Dugan, SECONDED by Mayor Pro Tem Boyles to adopt Resolution No. 4497. MOTION PASSED BY UNANIMOUS VOICE VOTE. 5/0

G. REPORTS – CITY MANAGER – None

H. REPORTS – CITY ATTORNEY - None

I. REPORTS – CITY CLERK – None

J. REPORTS – CITY TREASURER – Not present

K. REPORTS – CITY COUNCIL MEMBERS

Council Member Brann – Thanked all that applied for the Committees, Commissions and Boards and saluted El Segundo Unified School District for improving test scores,

Council Member Pirsztuk – Welcomed the Los Angeles Lakers and UCLA to El Segundo.

Council Member Dugan – None

Mayor Pro Tem Boyles – None

Mayor Fuentes – Attended the press conference for the Los Angeles Lakers and the UCLA Health Training Center partnership, attended the El Segundo Car Show, attended the South West Defense Alliance Multi State Senate Conference in San Diego, attended the National Women’s Caucus held at the Hilton Garden in El Segundo and attended a meeting, along with the Mayor Pro Tem and the City Manager, with the Director of the Southern California Association of Governments (SCAG).

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

MEMORIALS – None

ADJOURNMENT at 10:55 PM

______________
Tracy Weaver, City Clerk
AGENDA DESCRIPTION:

Consideration and possible action regarding authorization for the Police Department to purchase (23) Suppressed SIG Sauer SIGMCX 5.56MM patrol/SWAT rifles, optics and related equipment using Asset Forfeiture Funds. (Fiscal Impact: Not to exceed $67,000)

RECOMMENDED COUNCIL ACTION:

1) Authorize the Police Department to purchase (23) Suppressed SIG Sauer SIGMCX patrol/SWAT rifles, optics and related equipment and sell back up to (23) Colt AR-15’s and related optics.

2) Authorize the Police Department to purchase these rifles through Adamson Police Products.

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

ATTACHED SUPPORTING DOCUMENTS:

(3) Vendor Quotes/Buy Back Offers – Adamson Police Products, All State Police Equipment, and Pro Force Law Enforcement.

FISCAL IMPACT: $67,000

Amount Budgeted: $67,000 – Asset Forfeiture
Additional Appropriation: N/A
Account Number(s): 109-400-3105-6241

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

BACKGROUND AND DISCUSSION:

Staff requests approval from Council to utilize existing Asset Forfeiture funds for the purchase of (23) Suppressed SIGMCX 5.56MM patrol/SWAT rifles, optics and related equipment. This purchase request is for the replacement of (23) Colt AR-15 patrol/SWAT rifles (non-suppressed), which the majority of these rifles were placed into service in 1997. It is staff’s opinion our current inventory of patrol rifles have reached their maximum police utility and are in need of replacement. Due to the number of training rounds fired through each weapon, the rifle barrels and other internal components are in need of replacement. Further, due to the everyday wear and tear associated with patrol use and exposure to the salt air, many of the external rifle components are in need of replacement/repair (optics, hand guards, flash suppressors and dust covers). Refurbishing these weapons is expensive and not cost effective. Further, changing out any such components can compromise the functionality and rifle effectiveness, which would endanger
police personnel and the general public.

Since the Colt AR-15's were placed into service, it has been determined the noise generated by firing these rifles was an extreme hazard to police personnel. To mitigate permanent hearing loss/damage, all police personnel have been required to wear hearing protection during annual training events. Unfortunately, immediate access to hearing protection in emergency situations is typically not available/practical and can cause permanent hearing loss to police officers and anyone in the vicinity of a field deployment. To mitigate this risk, staff is recommending a transition to a suppressed rifle platform.

Since 1997, there have been many advances in rifle technology, specifically related to noise suppression capabilities. The SIGMCX 5.66MM rifle, manufactured by SIG Sauer, is the only rifle manufacturer to fully integrate its own noise suppression unit (patent pending). All other suppression devices currently available are after-market items that must be installed by independent armorer's. This can adversely impact accuracy, which is a danger and liability for all concerned.

Quotes were obtained from three vendors for the proposed rifle purchase (see attached). Along with the quotes, it was requested each vendor provide an estimated buy back price for (23) Colt AR-15's and related optics, which are currently in police inventory. Based on the competitive quote and highest buy back offer (up to $14,720 maximum), it is recommended the purchase of these rifles be made through Adamson Police Products. If approved, it is also recommended these rifles be placed on the Equipment Replacement schedule with a ten-year service life.
# Quotation

**10764 Noel Street**  
Los Alamitos, CA 90720  
PH: (800) 824-0162  FX: (800) 824-0112

---

**Sold To**  
EL SEGUNDO CITY  
FINANCE DEPARTMENT  
350 MAIN STREET  
EL SEGUNDO, CA 90245

**Ship To**  
EL SEGUNDO POLICE DEPARTMENT  
ATTN: GLENN DELMENDO  
348 MAIN STREET  
EL SEGUNDO, CA 90245

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This quote is valid for 60 days

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**Subtotal**  
61,264.87

**Total Sales Tax**  
5,513.84

**Total Order**  
66,778.71

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Original
**PURCHASE OFFER** 11AUG16

**EL SEGUNDO PD**

**ATTN: GLENN DELMENDO**

**SUBMITTED BY: TONY DUCOURNEAU**

10764 Noel St., Los Alamitos, CA 90720

Cell 818-984-9485  FX 714-220-1842
titod@jps.net or tonyd@policeproducts.com

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(less 2 ACOG)

Quote expires in 60 days

**TOTAL** 14,720.00
ALL STATE POLICE EQUIPMENT CO.
Post Office Box 40
Claremont, California 91711
909-596-2470 FAX: 909-596-3246
800-582-2294

Customer/Agency: El Segundo Police Department

Buyer: Glenn Delmendo

Phone: 310-524-2200
EMail: gdelmendo@elsegundo.org

REQUEST FOR QUOTATION
- California Certified Small Business # 5332
- California State Sales Tax is not included in this quotation unless specifically written into quotation.
- Quotation valid for 60 days unless stated otherwise.
- FOB Destination: (Freight included in quoted price)
- All ammunition and rifle fired projectiles are quoted FET Tax Out for all law enforcement agencies.

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<td>23</td>
<td>ACOG M4 Mount for 1.5x16 M16 Base Models TA60</td>
<td>MAG412-BLK</td>
<td>Magpul</td>
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<td>46</td>
<td>MOE RVG - Black PMAG M3 5.56 30rd w/Window</td>
<td>MAG556-BLK</td>
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IF ALL PAGES NOT RECEIVED, PLEASE NOTIFY US AS SOON AS POSSIBLE. The document being faxed is intended only for the use of the individual or entry to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you have received this in error, please notify us immediately by telephone for disposition. DISTRIBUTION, OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED
**ALL STATE POLICE EQUIPMENT CO.**  
Post Office Box 40  
Claremont, California 91711  
909-596-2470 FAX: 909-596-3246  
800-582-2294

Customer / Agency: El Segundo Police Department  
Buyer: Glenn Delmendo  
Phone: 310-524-2200  
EMail: gdelmendo@elsegundo.org

**REQUEST FOR QUOTATION**
- California Certified Small Business # 5332  
- California State Sales Tax is not included in this quotation unless specifically written into quotation.  
- Quotation valid for 60 days unless stated otherwise.  
- FOB Destination: (Freight included in quoted price)  
- All ammunition and rifle fired projectiles are quoted FET Tax Out for all law enforcement agencies.

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<th>F.O.B Destination</th>
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<td>(1- Lot)</td>
<td>Various Colt AR15 Configurations - USED Per Attached Agency List</td>
<td>AR15</td>
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| | | Trade-In Credit Quotation | For the Lot | Total Balance | 57386.17 |
| | | Trade-In Credit | <7590.00> | |

**IF ALL PAGES NOT RECEIVED, PLEASE NOTIFY US AS SOON AS POSSIBLE** The document being faxed is intended only for the use of the individual or entry to which it is addressed, and may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you have received this in error, please notify us immediately by telephone for disposition. **DISTRIBUTION, OR COPYING OF THIS COMMUNICATION IS STRICTLY PROHIBITED**
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<th>Unit #</th>
<th>20/30 Mag</th>
<th>Funct. Check</th>
<th>Label/Check</th>
<th>Sling</th>
<th>Light</th>
<th>Orange/Ejector Cover</th>
<th>No G</th>
<th>Notes/Disc.</th>
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<td>Wise's M4 on his motor</td>
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<td>SRO Black</td>
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SOLD TO: CITY OF EL SEGUNDO  
ACCTS PAYABLE  
350 MAIN ST ROOM 4  
EL SEGUNDO  CA 90245-3895  

SHIP TO: EL SEGUNDO POLICE DEPARTMENT  
348 MAIN STREET  
EL SEGUNDO  CA 90245-3885  

310-640-8648

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<th>UNIT PRICE</th>
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<th>NET PRICE</th>
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<td>SLI TLR-1 HL TAC GUN MNT 800LM</td>
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COMMENT

TERMS
**Sold To**
CITY OF EL SEGUNDO  
ACCTS PAYABLE  
350 MAIN ST ROOM 4  
EL SEGUNDO  
CA 90245-3895

**Ship To**
EL SEGUNDO POLICE DEPARTMENT  
348 MAIN STREET  
EL SEGUNDO  
CA 90245-3885

310-640-8648

<table>
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<th>LOC.</th>
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<td>A</td>
<td>GREGG MCCLUNG</td>
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<th>UNIT PRICE</th>
<th>UOM</th>
<th>DISC.</th>
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<tr>
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<td>EA</td>
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**Important Notices:**
This quotation is based on the issuance of a department purchase order, F.A.E.T. Exemption, payment by check in 30 days (unless otherwise agreed) and in stated quantities. ATF or the manufacturer may require additional forms. Sample forms may be found at:
http://www.ProForceOnline.com/forms.htm

**Ordering Instructions:** Please fax a copy of the department purchase order and F.A.E.T. form to (928) 445-3468. PLEASE MAIL ORIGINALS to ProForce Law Enforcement, 3009 N. Hwy 89, Prescott, AZ 86301.

**Standard Terms are Net 30 days.** If department policy does not allow for partial shipments and payments, separate purchase orders for each item will be necessary.

**Standard manufacturer's warranty applies to all department purchases unless otherwise specifically noted.**

This quote is valid for 45 days from the date of issue,
SOLD TO
CITY OF EL SEGUNDO
ACCTS PAYABLE
350 MAIN ST ROOM 4
EL SEGUNDO CA 90245-3895

310-640-8648

SHIP TO
EL SEGUNDO POLICE DEPARTMENT
348 MAIN STREET
EL SEGUNDO CA 90245-3885

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<th>UNIT PRICE</th>
<th>UOM</th>
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<th>NET PRICE</th>
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<tr>
<td>pending credit approval, and is availability and price change. if this bid is still pending or updated pricing. A 20% restocking fee will apply to all returned goods. Please call us for a return authorization number.</td>
<td>subject to manufacturer's Please call (800) 367-5855 the expiration date for</td>
<td></td>
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COMMENT
FOR: GLENN DELMENDO
BY: KARI MARTIN
TERMS DUE NET 30 DAYS

SALES AMOUNT 65,647.75
9.000% SALES TAX 5,908.30
SUB TOTAL 71,556.05
Date: July 31, 2016
Dept: El Segundo Police Department
Customer #: 2735
Attn: Glenn Delmendo
Email: gdelmendo@elsegundo.org

<table>
<thead>
<tr>
<th>ITEM #</th>
<th>QTY</th>
<th>PRODUCT DESCRIPTION</th>
<th>EXTENDED PRICE</th>
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<tr>
<td>Trade Guns</td>
<td>20</td>
<td>Colt AR 15 w/ ACOG's per attached spread sheet provided by agency @ $700.00 ea</td>
<td>$14,000.00</td>
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<tr>
<td>Trade Guns</td>
<td>3</td>
<td>Colt AR 15 w/out ACOG's per attached spread sheet provided by agency @ $450.00 ea</td>
<td>$1,350.00</td>
</tr>
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</table>

Note: Trade guns are to be delivered to ProForce Law Enforcement within 45 days of acceptance of new product
At 3009 North Highway, Prescott, AZ 86301

**Please Note: When shipping trade guns, please supply a letter with the guns from the department that the guns have been inspected by an armorer and that they are safe and functional. All confiscated weapons must be cleared by an N.C.I.C check, and stated on your paperwork prior to being shipped to Proforce Law Enforcement**

**Please email the completed Trade Weapons Form in Excel format prior to shipping the trades to Proforce Law Enforcement**

No Saturday deliveries and must have adult signature required.

(See instructions below)
Total credit for trades: $15,350.00

We sincerely appreciate your law enforcement business and look forward to serving you in the future!

Respectfully,
ProForce Law Enforcement

[Signature]

Kari Martin
Law Enforcement Specialist

IMPORTANT:

Trade guns are to be delivered to ProForce Law Enforcement in Arizona at the department's expense within 45 days of acceptance of new product.

ProForce reserves the right to deduct for guns that are not in stated condition. $10.00 will be deducted for every missing magazine. The credit is to be applied after the receipt of trade guns.

This quote is valid for 45 days from the date of issue, and is subject to manufacturer's availability and price change. Please call (844) 899-1701 if this bid is still pending at expiration of quote.
EL SEGUNDO CITY COUNCIL
AGENDA STATEMENT
MEETING DATE: September 20, 2016
AGENDA HEADING: Consent Agenda

AGENDA DESCRIPTION:
Consideration and possible action to accept as complete the Joslyn Center Elevator Refurbishment/Modernization Project. Project No. PW 16-19 (Fiscal Impact: $85,582.00)

RECOMMENDED COUNCIL ACTION:

1. Accept the work for the Joslyn Center Elevator Refurbishment/Modernization, Project No. PW-16-19 as complete.

2. Authorize the City Clerk to file a Notice of Completion in the County Recorder's Office.

3. Alternatively, discuss and take other possible actions related to this item.

ATTACHED SUPPORTING DOCUMENTS:
Notice of Completion

FISCAL IMPACT: Included in Adopted Budget

<table>
<thead>
<tr>
<th>Amount Budgeted</th>
<th>$95,000.00</th>
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<tr>
<td>Additional Appropriation</td>
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<tr>
<td>Account Number(s)</td>
<td>405-400-0000-6215 (Facilities Maintenance Fund)</td>
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</table>

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

BACKGROUND AND DISCUSSION:
In early January, 2016 the Joslyn Center elevator at Recreation Park experienced several operational problems. Excelsior Elevator Corporation, our on-call elevator maintenance contractor, was quick to investigate and assess the elevator’s condition. Excelsior advised the City that due to the age and condition of the elevator’s components, the mechanical equipment and its electrical components were in need of upgrading and replacement (e.g., elevator modernization). The Joslyn Center elevator was originally installed in 1980 and was later refurbished and modernized in 1997. Note that the life expectancy of public elevators is approximately 15-20 years for those that receive regular use and maintenance, thus this current modernization timing is appropriate.

On April 5, 2016, City Council awarded a standard public works contract to Excelsior Elevator Corporation for $85,582.00 and approved additional $9,418.00 for construction-related contingencies. Construction began in August 1, 2016 after backordered parts were delivered, and the project was successfully completed by Excelsior Elevator Corporation on August 29, 2016.
Staff recommends that City Council accept the work performed by Excelsior Elevator Corporation as complete and authorize the City Clerk to file a Notice of Completion with the County Recorder's office.

**Accounting Summary:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excelsior Elevator Corporation Contract Amount</td>
<td>$85,582.00</td>
</tr>
<tr>
<td>Change Order and Construction Contingency</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total Funds Spent</strong></td>
<td><strong>$85,582.00</strong></td>
</tr>
<tr>
<td>Amount Budgeted for the project</td>
<td>$95,000.00</td>
</tr>
<tr>
<td><strong>Total Funds Spent</strong></td>
<td><strong>$85,582.00</strong></td>
</tr>
<tr>
<td><strong>Unspent Budgeted Amount Returned to Facilities Maintenance Fund</strong></td>
<td><strong>$9,418.00</strong></td>
</tr>
</tbody>
</table>
NOTICE OF COMPLETION OF CONSTRUCTION PROJECT

Project Name: Joslyn Center Elevator Refurbishment/Modernization Project

Project No. : PW 16-19 Contract No. 5011

Notice is hereby given pursuant to State of California Civil Code Section 3093 et seq that:

1. The undersigned is an officer of the owner of the interest stated below in the property hereinafter described.

2. The full name of the owner is: City of El Segundo

3. The full address of the owner is: City Hall, 350 Main Street, El Segundo, CA, 90245

4. The nature of the interest of the owner is: Public Facilities

5. A work of improvement on the property hereinafter described was field reviewed by the City Engineer on Aug. 29, 2016. The work done was: refurbishment/modernization of Joslyn Center Elevator

6. On Sept. 20, 2016, City Council of the City of El Segundo accepted the work of this contract as being complete and directed the recording of this Notice of Completion in the Office of the County Recorder.

7. The name of the Contractor for such work of improvement was: Excelsior Elevator Corporation

8. The property on which said work of improvement was completed is in the City of El Segundo, County of Los Angeles, State of California, and is described as follows: refurbishment/modernization of Joslyn Center Elevator

9. The street address of said property is: 339 Sheldon St., El Segundo, CA 90245

Dated: ________________________________

Stephanie Katsouleas
Public Works Director

VERIFICATION

I, the undersigned, say: I am the Director of Public Works/City Engineer of the City El Segundo, the declarant of the foregoing Notice of Completion; I have read said Notice of Completion and know the contents thereof; the same is true of my own knowledge.

I declare under penalty of perjury the foregoing is true and correct.

Executed on _________________, 2016 at El Segundo, California.

Stephanie Katsouleas
Public Works Director
AGENDA DESCRIPTION:

Consideration and possible action regarding Adoption of a Resolution amending the City of El Segundo Flexible Benefits Plan Document to reflect changes in the Contribution to the Plan and amend the language to ensure compliance with Section 125 of the Internal Revenue Code of 1986. (Fiscal Impact: No Fiscal Impact)

RECOMMENDED COUNCIL ACTION:

1. Adoption of the attached Resolution.
2. Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:

1. Resolution to Approve the amended City of El Segundo Flexible Benefits Plan Document
2. Amended Plan Document (Exhibit A)
3. Staff Report dated April 19, 2016
4. Resolution 4975

FISCAL IMPACT: None

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

ORIGINATED BY: Mayra Houston, Human Resources Manager
REVIEWED BY: Martha Dijkstra, Director of Human Resources
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:

At its meeting on April 19, 2016, Council approved Resolution 4975 which authorized benefit changes for the Executive and Management-Confidential employees. Specifically, Council approved increasing the Public Employees’ Medical and Hospital Care Act (PEMHCA) monthly medical contributions, effective June 1, 2016, from the minimum amount of $125/month to $782/month for Executives and $585/month for Management-Confidential. Additionally, Council approved creating a “flex dollar” Program, effective October 1, 2016, for miscellaneous members of the Executive and Management-Confidential groups. Classes excluded from receiving this benefit include the City Manager, City Clerk, City Treasurer, Battalion Chief, Fire Chief, and Police Chief. This flex dollar program would provide employees with additional dollars that can be used for payment of medical premiums, funding individual 457 Deferred Compensation accounts or other permitted uses. The approved flex dollar amounts are $493.33 for Executives and $345.30 for Management-Confidential.

Staff has been working with the City’s benefit broker to implement the newly approved flex dollar program. It was determined that another permitted use of the flex dollars is to allow employees to allocate additional funds into the existing Section 125 Health Care Spending Account and/or Dependent Care Spending Account Programs. As a result, the City of El Segundo Flexible Benefits Plan Document was amended to add the required language for implementation of the flex dollar program.
program. Additionally, the Plan Document has undergone a thorough legal review to ensure the language is in compliance with Section 125 of the Internal Revenue Code of 1986. Therefore, staff is requesting Council adopt the attached Resolution in order to approve the changes to the City’s Flexible Benefit Plan Document.
RESOLUTION NO. ______

A RESOLUTION TO APPROVE AND IMPLEMENT THE CITY OF EL SEGUNDO FLEXIBLE BENEFITS PLAN, AMENDED OCTOBER 1, 2016

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

Section 1: The City of El Segundo Flexible Benefits Plan, a form of amended Cafeteria Plan, including a Dependent Care Flexible Spending Account and Health Flexible Spending Account revised to become effective October 1, 2016 (Plan) is attached hereto as Exhibit A.

The Plan, including any recommended revisions by legal counsel, to become effective October 1, 2016, is hereby approved and adopted;

Section 2: The City Manager or designee is hereby authorized and directed to take action necessary to implement the Plan, including designating an Administrator for the Plan, or one or more components of the Plan.

The Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the Plan and/or its components hereunder, and to set up adequate accounting and administrative procedures to provide benefits under the Plan and/or its components.

Section 3: 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 minutes of this meeting.

Section 4: This Resolution will become effective immediately upon adoption.

PASSED AND ADOPTED this 20th day of September, 2016.

Suzanne Fuentes, Mayor

ATTEST:

By: ________________________________
Tracy Weaver, City Clerk

APPROVED AS TO FORM:

By: ________________________________
Mark D Hensley, City Attorney
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 20th day of September, 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 20th day of September, 2016.

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

APPROVED AS TO FORM:

By: ______________________
    Mark D. Hensley, City Attorney
EXHIBIT "A"

CITY OF EL SEGUNDO FLEXIBLE BENEFITS PLAN
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CITY OF EL SEGUNDO FLEXIBLE BENEFITS PLAN

INTRODUCTION

The Employer has amended this Plan effective October 1, 2016, to recognize the contribution made to the Employer by its Employees. Its purpose is to reward them by providing benefits for those Employees who shall qualify hereunder and their Dependents and beneficiaries. The concept of this Plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires and needs. This Plan is a restatement of a Plan which was originally effective on March 1, 1989, and most recently amended effective January 1, 2011. The Plan shall be known as City of El Segundo Flexible Benefits Plan (the "Plan").

The intention of the Employer is that the Plan qualify as a "Cafeteria Plan" within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and that the benefits which an Employee elects to receive under the Plan be excludable from the Employee's income under Section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended.

ARTICLE I
DEFINITIONS

1.1 "Administrator" means the Employer unless another person or entity has been designated by the Employer pursuant to Section 9.1 to administer the Plan on behalf of the Employer. If the Employer is the Administrator, the Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

1.2 "Benefit" or "Benefit Options" means any of the optional benefit choices available to a Participant as outlined in Section 4.1.

1.3 "Cafeteria Plan Benefit Dollars" means the amount available to Participants to purchase Benefit Options as provided under Section 4.1. Each dollar contributed to this Plan under Article III shall be converted into one Cafeteria Plan Benefit Dollar.

1.4 "Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.5 "Compensation" means wages or salary paid to an Employee by the Employer as reported in Box 1 of Form W-2, and also includes: (a) salary reduction amounts under arrangements described in sections 125 and 132(f) of the Code; and (b) salary reduction contributions under arrangements described in sections 401(k), 403(b), 408(k) or 457(b) of the Code.
1.6 "Contributions" means the total amount contributed to pay for the cost of Benefit Options, as calculated under Section 3.4.

1.7 "Dependent" means any individual who qualifies as a dependent under an Insurance Contract for purposes of coverage under that Contract only or under Code Section 152 (as modified by Code Section 105(b)).

"Dependent" shall include any Child of a Participant who is covered under an Insurance Contract, as defined in the Contract, as allowed by reason of the Affordable Care Act.

1.8 "Effective Date" means March 1, 1989.

1.9 "Election Period" means the period immediately preceding the beginning of each Plan Year established by the Administrator, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee's initial Election Period shall be determined pursuant to Section 5.1.

1.10 "Eligible Employee" means any Employee who has satisfied the provisions of Section 2.1.

An individual shall not be an "Eligible Employee" if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by the Employer on its payroll records are not "Eligible Employees" and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors.

However, any Employee who is a "part-time" Employee shall not be eligible to participate in this Plan. A "part-time" Employee is any Employee who works, or is expected to work on a regular basis, less than 20 hours a week and is designated as a part-time Employee on the Employer's personnel records.

1.11 "Eligible Opt Out Arrangement" means an Opt Out Arrangement that meets the conditions of Section 4.4.

1.12 "Employee" means any person who is employed by the Employer. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2).

1.13 "Employer" means City of El Segundo and any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. In addition, where appropriate and with the exception of Articles VII and IX, the term Employer shall include any Employer affiliated with the City of El Segundo that is treated as a single employer with the City of El Segundo for purposes of Code Section 125(g)(4).
1.14 "Grace Period" means, with respect to any Plan Year, the time period ending on the fifteenth day of the third calendar month after the end of such Plan Year, during which Medical Expenses incurred by a Participant will be deemed to have been incurred during such Plan Year.

1.15 "Health Flex Contribution" means any Employer contribution that meets the following requirements: (1) the Employee may not opt to receive the amount as a taxable benefit, (2) the Employee may use the amount to pay for minimum essential coverage, and (3) the Employee may use the amount exclusively to pay for medical care, within the meaning of Code Section 213.

1.16 "Insurance Contract" means any contract issued by an Insurer underwriting a Benefit.

1.17 "Insurance Premium Payment Plan" means the plan of benefits contained in Article 4.1 of this Plan, which provides for the payment of Premium Expenses.

1.18 "Insurer" means any insurance company that underwrites a Benefit under this Plan.

1.19 "Key Employee" means an Employee described in Code Section 416(i)(1) and the Treasury regulations thereunder.

1.20 "Opt Out Arrangement" means an arrangement where payment is made available to an Employee only if the Employee declines coverage, but may not be used to pay for the Health Insurance Benefit (whether or not the Employee receives the amount as a taxable benefit).

1.21 "Participant" means any Eligible Employee who elects to become a Participant pursuant to Section 2.3 and has not for any reason become ineligible to participate further in the Plan.

1.22 "Plan" means this instrument, including all amendments thereto.

1.23 "Plan Year" means the 12-month period beginning January 1 and ending December 31. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant's date of entry and ending on the last day of such Plan Year.

1.24 "Premium Expenses" or "Premiums" mean the Participant's cost for the Benefits described in Section 4.1.

1.25 "Premium Expense Reimbursement Account" means the account established for a Participant pursuant to this Plan to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Premiums of the Participant may be paid or reimbursed. If more
than one type of insured Benefit is elected, sub-accounts shall be established for each type of insured Benefit.

1.26 "Salary Redirection" means the contributions made by the Employer on behalf of Participants pursuant to Section 3.1. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants' elections made under Article V.

1.27 "Salary Redirection Agreement" means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation or to forego all or part of the increases in such Compensation and to have such amounts contributed by the Employer to the Plan on the Participant's behalf. The Salary Redirection Agreement shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the agreement (after taking this Plan and Code Section 125 into account) and, subsequently does not become currently available to the Participant.

1.28 "Spouse" means "spouse" as defined in an Insurance Contract for purposes of coverage under that Contract only or the legally married husband or wife of a Participant, unless legally separated by court decree.

ARTICLE II
PARTICIPATION

2.1 ELIGIBILITY

Any Eligible Employee shall be eligible to participate hereunder after 30 calendar days starting on his or her initial date of employment with the Employer. However, any Eligible Employee who was a Participant in the Plan on the effective date of this amendment shall continue to be eligible to participate in the Plan.

2.2 EFFECTIVE DATE OF PARTICIPATION

An Eligible Employee shall become a Participant effective as of the first day of the month coinciding with or next following the date on which he met the eligibility requirements of Section 2.1.

2.3 APPLICATION TO PARTICIPATE

An Employee who is eligible to participate in this Plan shall, during the applicable Election Period, complete an application to participate and election of benefits form which the Administrator shall furnish to the Employee. The election made on such form shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 5.4 hereof.
An Eligible Employee shall also be required to execute a Salary Redirection Agreement during the Election Period for the Plan Year during which he wishes to participate in this Plan. Any such Salary Redirection Agreement shall be effective for the first pay period beginning on or after the Employee's effective date of participation pursuant to Section 2.2.

2.4 TERMINATION OF PARTICIPATION

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

(a) **Termination of employment.** The Participant's termination of employment, subject to the provisions of Section 2.6;

(b) **Change in employment status.** The end of the Plan Year during which the Participant became a limited Participant because of a change in employment status pursuant to Section 2.5;

(c) **Death.** The Participant's death, subject to the provisions of Section 2.7; or

(d) **Termination of the plan.** The termination of this Plan, subject to the provisions of Section 10.2.

2.5 CHANGE OF EMPLOYMENT STATUS

If a Participant ceases to be eligible to participate because of a change in employment status or classification (other than through termination of employment), the Participant shall become a limited Participant in this Plan for the remainder of the Plan Year in which such change of employment status occurs. As a limited Participant, no further Salary Redirection may be made on behalf of the Participant, and, except as otherwise provided herein, all further Benefit elections shall cease, subject to the limited Participant's right to continue coverage under any Insurance Contracts. However, any balances in the limited Participant's Dependent Care Flexible Spending Account may be used during such Plan Year to reimburse the limited Participant for any allowable Employment-Related Dependent Care incurred during the Plan Year. Subject to the provisions of Section 2.6, if the limited Participant later becomes an Eligible Employee, then the limited Participant may again become a full Participant in this Plan, provided he otherwise satisfies the participation requirements set forth in this Article II as if he were a new Employee and made an election in accordance with Section 5.1.

2.6 TERMINATION OF EMPLOYMENT

If a Participant's employment with the Employer is terminated for any reason other than death, his participation in the Benefit Options provided under Section 4.1 shall be governed in accordance with the following:
(a) **Insurance Benefit.** With regard to Benefits which are insured, the Participant's participation in the Plan shall cease, subject to the Participant's right to continue coverage under any Insurance Contract for which premiums have already been paid.

(b) **Dependent Care FSA.** With regard to the Dependent Care Flexible Spending Account, the Participant's participation in the Plan shall cease and no further Salary Redirection contributions shall be made. However, such Participant may submit claims for employment related Dependent Care Expense reimbursements for claims incurred through the remainder of the Plan Year in which such termination occurs and submitted within 90 days after the end of the Plan Year, based on the level of the Participant's Dependent Care Flexible Spending Account as of the date of termination.

(c) **COBRA applicability.** With regard to the Health Flexible Spending Account, the Participant may submit claims for expenses that were incurred during the portion of the Plan Year before the end of the period for which payments to the Health Flexible Spending Account have already been made. Thereafter, the health benefits under this Plan including the Health Flexible Spending Account shall be applied and administered consistent with such further rights a Participant and his Dependents may be entitled to pursuant to Code Section 4980B and Section 11.14 of the Plan.

### 2.7 DEATH

If a Participant dies, his participation in the Plan shall cease. However, such Participant's spouse or Dependents may submit claims for expenses or benefits for the remainder of the Plan Year or until the Cafeteria Plan Benefit Dollars allocated to each specific benefit are exhausted. In no event may reimbursements be paid to someone who is not a spouse or Dependent. If the Plan is subject to the provisions of Code Section 4980B, then those provisions and related regulations shall apply for purposes of the Health Flexible Spending Account.
ARTICLE III
CONTRIBUTIONS TO THE PLAN

3.1 SALARY REDIRECTION

Benefits under the Plan shall be financed by Salary Redirections sufficient to support Benefits that a Participant has elected hereunder and to pay the Participant's Premium Expenses. The salary administration program of the Employer shall be revised to allow each Participant to agree to reduce his pay during a Plan Year by an amount determined necessary to purchase the elected Benefit Options. The amount of such Salary Redirection shall be specified in the Salary Redirection Agreement and shall be applicable for a Plan Year. Notwithstanding the above, for new Participants, the Salary Redirection Agreement shall only be applicable from the first day of the pay period following the Employee's entry date up to and including the last day of the Plan Year. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants' elections made under Article V.

Any Salary Redirection shall be determined prior to the beginning of a Plan Year (subject to initial elections pursuant to Section 5.1) and prior to the end of the Election Period and shall be irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or a Salary Redirection Agreement after the Plan Year has commenced and make a new election with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change in status and such other permitted events as determined under Article V of the Plan and consistent with the rules and regulations of the Department of the Treasury. Salary Redirection amounts shall be contributed on a pro rata basis for each pay period during the Plan Year. All individual Salary Redirection Agreements are deemed to be part of this Plan and incorporated by reference hereunder.

If, as of the date that any elected coverage under this Plan terminates, a Participant's year-to-date Salary Redirections exceed or are less than the Participant's required Contributions for the coverage, then the Employer will, as applicable, either return the excess to the Participant as additional taxable wages or recoup the due Salary Redirection amounts from any remaining Compensation.

3.2 APPLICATION OF CONTRIBUTIONS

As soon as reasonably practical after each payroll period, the Employer shall apply the Salary Redirection to provide the Benefits elected by the affected Participants. Any contribution made or withheld for the Health Flexible Spending Account or Dependent Care Flexible Spending Account shall be credited to such fund or account. Amounts designated for the Participant's Premium Expense Reimbursement Account shall likewise be credited to such account for the purpose of paying Premium Expenses.
3.3 PERIODIC CONTRIBUTIONS

Notwithstanding the requirement provided above and in other Articles of this Plan that Salary Redirections be contributed to the Plan by the Employer on behalf of an Employee on a level and pro rata basis for each payroll period, the Employer and Administrator may implement a procedure in which Salary Redirections are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period. However, with regard to the Health Flexible Spending Account, the payment schedule for the required contributions may not be based on the rate or amount of reimbursements during the Plan Year.

3.4 EMPLOYER AND PARTICIPANT CONTRIBUTIONS

In addition to Salary Redirections, the Employer may elect to provide Participants with flex dollars to be applied to the benefit options in Section 4.1. The Employer may also make Health Flex Contributions to the Insurance Premium Payment Plan as provided in Article 4.4, which may or may not be equal to the amount charged by the insurance company. The annual Contribution for a Participant’s Health Flexible Spending Account is equal to the annual benefit amount elected by the Participant, subject to the dollar limits set forth in Section 6.4. The annual Contribution for a Participant’s Dependent Care Flexible Spending Account is equal to the annual benefit amount elected by the Participant, subject to the dollar limits set forth in Section 7.9.

Nothing herein will be construed to require the Employer or the Administrator to maintain any fund or to segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in any fund, account, or asset of the Employer from which any payment under this Plan may be made. There is no trust or other fund from which Benefits are paid. While the Employer has complete responsibility for the payment of Benefits out of its general assets (except for Insurance Premium Payment Benefits paid as provided in the applicable insurance policy), it may hire an unrelated third-party paying agent to make Benefit payments on its behalf.

ARTICLE IV
BENEFITS

4.1 BENEFIT OPTIONS

Each Participant may elect any one or more of the following optional Benefits:

(1) Health Flexible Spending Account

(2) Dependent Care Flexible Spending Account

(3) Insurance Premium Payment Plan
(i) Health Insurance Benefit

(ii) Dental Insurance Benefit

4.2 HEALTH FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Health Flexible Spending Account option, in which case Article VI shall apply.

4.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Dependent Care Flexible Spending Account option, in which case Article VII shall apply.

4.4 HEALTH INSURANCE BENEFIT

(a) Each Participant may elect to enroll or opt out of the Health Insurance Benefit option. The total cost of the premium for the Health Insurance Benefit the Participant selects is the Premium Expense. Premium Expenses shall be reduced by the amount of a Health Flex Contribution, if any, made by the Employer for the Plan Year.

(b) Coverage for Participant and Dependents. Each Participant may elect to be covered under a health Insurance Contract for the Participant, his or her Spouse, and his or her Dependents.

(c) Employer selects contracts. The Employer may select suitable health Insurance Contracts for use in providing this health insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(d) Contract incorporated by reference. The rights and conditions with respect to the benefits payable from such health Insurance Contract shall be determined therefrom, and such Insurance Contract shall be incorporated herein by reference.

Opt Out Arrangement: The Employer may establish an Opt Out Arrangement for Participants who decline an Insurance Premium Payment Plan for the Health Insurance Benefit. If an Opt Out Arrangement is established, the Employee may elect to take a cash amount established by the Employer in lieu of enrolling in the Health Insurance Benefit.

Eligible Opt Out Arrangement: An Employer may also establish an Eligible Opt Out Arrangement under this Plan as a condition to an Eligible Employee receiving cash in lieu of the
Health Insurance Benefit. The conditions that must be satisfied for an Eligible Opt Out Arrangement are as follows:

(a) The Employee must provide proof of minimum essential coverage ("MEC") through another source (other than coverage in the individual market, whether or not obtained through Covered California);

(b) The proof of coverage must show that the Employee and all individuals in the Employee's tax family have (or will have) the required minimum essential coverage. An Employee's tax family includes all individuals for whom the Employee reasonably expects to claim a personal exemption deduction for the taxable year(s) that cover the Employer's plan year to which the opt-out arrangement applies;

(c) The Employee must provide reasonable evidence of the MEC for the applicable period. Reasonable evidence may include an attestation by the employee;

(d) The Employee must provide the evidence/attestation every plan year;

(e) The Employee must provide the evidence/attestation no earlier than a reasonable time before coverage starts (e.g. open enrollment). The evidence/attestation may also be provided within a reasonable time after the plan year starts; and

(f) The opt-out payment cannot be made (and the Employer must not in fact make payment) if the Employer knows or has reason to know that the Employee or tax family member does not have the alternative coverage.

4.5 DENTAL INSURANCE BENEFIT

(a) **Coverage for Participant and/or Dependents.** Each Participant may elect to be covered under the Employer's dental Insurance Contract. In addition, the Participant may elect either individual or family coverage under such Insurance Contract.

(b) **Employer selects contracts.** The Employer may select suitable dental Insurance Contracts for use in providing this dental insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such dental Insurance Contract shall be determined therefrom, and such dental Insurance Contract shall be incorporated herein by reference.
4.6 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125.

(b) **25% concentration test.** It is the intent of this Plan not to provide qualified benefits as defined under Code Section 125 to Key Employees in amounts that exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the preceding sentence, qualified benefits shall not include benefits which (without regard to this paragraph) are includible in gross income.

(c) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reject any election or reduce contributions or non-taxable Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any election or reduce contributions or non-taxable Benefits, it shall be done in the following manner. First, the non-taxable Benefits of the affected Participant (either an employee who is highly compensated or a Key Employee, whichever is applicable) who has the highest amount of non-taxable Benefits for the Plan Year shall have his non-taxable Benefits reduced until the discrimination tests set forth in this Section are satisfied or until the amount of his non-taxable Benefits equals the non-taxable Benefits of the affected Participant who has the second highest amount of non-taxable Benefits. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. With respect to any affected Participant who has had Benefits reduced pursuant to this Section, the reduction shall be made proportionately among Health Flexible Spending Account Benefits and Dependent Care Flexible Spending Account Benefits, and once all these Benefits are expended, proportionately among insured Benefits. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.
ARTICLE V
PARTICIPANT ELECTIONS

5.1 INITIAL ELECTIONS

An Employee who meets the eligibility requirements of Section 2.1 on the first day of, or during, a Plan Year may elect to participate in this Plan for all or the remainder of such Plan Year, provided he elects to do so on or before his effective date of participation pursuant to Section 2.2.

5.2 SUBSEQUENT ANNUAL ELECTIONS

During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on an election of benefits form to be provided by the Administrator, which Benefit options he wishes to select. Any such election shall be effective for any Benefit expenses incurred during the Plan Year which follows the end of the Election Period. With regard to subsequent annual elections, the following options shall apply:

(a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;

(b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year, or by not electing any Benefit options;

(c) An Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan, except as provided for in Section 5.4.

5.3 FAILURE TO ELECT

Any Participant failing to complete an election of benefits form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Salary Redirections shall therefore be authorized for such subsequent Plan Year.

5.4 CHANGE IN STATUS

(a) Change in status defined. Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if,
under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control. The Administrator, in its sole discretion, on a uniform and consistent basis, and consistent with prevailing IRS guidance, shall determine whether a requested change meets general consistency and specific consistency requirements so as to qualify as a change in status.

A Participant may only change his or her election upon the occurrence of a change in status if the election is made on account of and corresponds with a change in status that affects eligibility for coverage under a plan of the Employer or a plan of the Spouse's or Dependent's employer. If the Participant, Spouse or Dependent gains or loses eligibility for coverage, then a Participant's election under the Plan to cease or decrease coverage for that individual under the Plan corresponds with that change in status only if coverage for that individual becomes applicable or is increased under the family member plan. In general, a change in election does not meet general consistency requirements if the change in status is the Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or Dependent, or a Dependent ceasing to satisfy the eligibility requirements for coverage, and the Participant's election under the Plan is to cancel accident or health insurance coverage for any individual other than the one involved in such event.

Regardless of the general consistency requirement, if the individual, the individual's Spouse, or Dependent becomes eligible for continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, then the individual may elect to increase payments under this Plan in order to pay for the continuation coverage. However, this does not apply for COBRA eligibility due to divorce, annulment or legal separation.

Any new election shall be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. For the purposes of this subsection, assuming the general consistency requirement is satisfied, a change in status shall only include the following events or other events permitted by Treasury regulations (specific consistency requirements):

1. Legal Marital Status: events that change a Participant's legal marital status, including marriage, divorce, death of a Spouse, legal separation or annulment;
(2) Number of Dependents: Events that change a Participant's number of Dependents, including birth, adoption, placement for adoption, or death of a Dependent;

(3) Employment Status: Any of the following events that change the employment status of the Participant, Spouse, or Dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, Spouse, or Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection;

(4) Dependent satisfies or ceases to satisfy the eligibility requirements: An event that causes the Participant's Dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstance; and

(5) Residency: A change in the place of residence of the Participant, Spouse or Dependent, that would lead to a change in status (such as a loss of HMO coverage).

For the Dependent Care Flexible Spending Account, if the election change is on account of and corresponds with a change in status that affects eligibility of dependent care expenses for the tax exclusion under Code Section 129 or if a Dependent becomes or ceases to be a "Qualifying Dependent" as defined under Code Section 21(b), it shall qualify as a change in status.

Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child, as allowed under Code Sections 105(b) and 106, and IRS Notice 2010-38, shall qualify as a change in status.

(b) **Special enrollment rights.** Notwithstanding subsection (a), the Participants may change an election for accident or health coverage during a Plan Year and make a new election that corresponds with the special enrollment rights provided in Code Section 9801(f), including those authorized under the provisions of the Children's Health Insurance Program Reauthorization Act of 2009(SCHIP); provided that such Participant meets the sixty (60) day notice requirement imposed by Code Section 9801(f) (or such longer period as may be permitted by the Plan
and communicated to Participants). Such change shall take place on a prospective basis, unless otherwise required by Code Section 9801(f) to be retroactive.

(c) **Qualified Medical Support Order.** Notwithstanding subsection (a), in the event of a judgment, decree, or order (including approval of a property settlement) ("order") resulting from a divorce, legal separation, annulment, or change in legal custody which requires accident or health coverage for a Participant's child (including a foster child who is a Dependent of the Participant):

1. The Plan may change an election to provide coverage for the child if the order requires coverage under the Participant's Health Flexible Spending Account or Insurance Premium Payment Plan; or

2. The Participant shall be permitted to change an election to cancel coverage under the Participant's Health Flexible Spending Account or Insurance Premium Payment Plan for the child if the order requires the former Spouse to provide coverage for such child, under that individual's plan and such coverage is actually provided.

(d) **Medicare or Medicaid.** Notwithstanding subsection (a), a Participant may change elections to cancel accident or health coverage for the Participant or the Participant's Spouse or Dependent if the Participant or the Participant's Spouse or Dependent is enrolled in the accident or health coverage of the Employer and becomes entitled to coverage (i.e., enrolled) under Part A or Part B of the Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). Upon such condition, the Participant may prospectively cancel or reduce the health coverage or may cancel coverage under the Health Flexible Spending Account as long as the total contributions for the Plan Year are less than the amount already reimbursed. If the Participant or the Participant's Spouse or Dependent who has been entitled to Medicaid or Medicare coverage loses eligibility, that individual may prospectively elect coverage under the Plan if a benefit package option under the Plan provides similar coverage.

(e) **Cost increase or decrease.** If the cost of a Benefit provided under the Plan, other than the Health Flexible Spending Account, increases or decreases during a Plan Year, then the Plan shall automatically increase or decrease, as the case may be, the Salary Redirections of all affected Participants for such Benefit. The Administrator, in its sole discretion
and on a uniform and consistent basis, considering all of the surrounding facts and circumstances and prevailing IRS guidance, shall determine the significance of any increase or decrease. If the cost of a benefit package option increases significantly, the Administrator shall permit the affected Participants to either make corresponding changes in their payments or revoke their elections and, in lieu thereof, receive on a prospective basis coverage under another benefit package option with similar coverage, or drop coverage prospectively if there is no benefit package option with similar coverage.

A cost increase or decrease refers to an increase or decrease in the amount of elective contributions under the Plan, whether resulting from an action taken by the Participants or an action taken by the Employer.

(f) **Loss of coverage.** If the coverage under a Benefit, other than the Health Flexible Spending Account, is significantly curtailed or ceases during a Plan Year, affected Participants may revoke their elections of such Benefit and, in lieu thereof, elect to receive on a prospective basis coverage under another plan with similar coverage, or drop coverage prospectively if no similar coverage is offered.

(g) **Addition of a new benefit.** If, during the period of coverage, a new benefit package option or other coverage option is added, an existing benefit package option is significantly improved, or an existing benefit package option or other coverage option is eliminated, then the affected Participants may elect the newly-added option, or elect another option if an option has been eliminated prospectively and make corresponding election changes with respect to other benefit package options providing similar coverage. In addition, those Eligible Employees who are not participating in the Plan may opt to become Participants and elect the new or newly improved benefit package option. This provision does not apply to the Health Flexible Spending Account benefit.

(h) **Loss of coverage under certain other plans.** A Participant may make a prospective election change to add group health coverage for the Participant, the Participant’s Spouse or Dependent if such individual loses group health coverage sponsored by a governmental or educational institution, including a state children’s health insurance program under the Social Security Act, the Indian Health Service or a health program offered by an Indian tribal government, a state health benefits risk pool, or a foreign government group health plan. This provision does not apply to the Health Flexible Spending Account benefit.

(i) **Change of coverage due to change under certain other plans.** A Participant may make a prospective election change that is on account of and corresponds with a change made under the plan of a Spouse’s, former
Spouse's or Dependent's employer if (1) the cafeteria plan or other qualified benefits plan of the Spouse's, former Spouse's or Dependent's employer permits its participants to make a change that would be permitted under applicable IRS regulations; or (2) the cafeteria plan permits participants to make an election for a period of coverage that is different from the period of coverage under the cafeteria plan or qualified benefits plan of a Spouse's, former Spouse's or Dependent's employer. This provision does not apply to the Health Flexible Spending Account benefit.

(j) **Change in dependent care provider.** A Participant may make a prospective election change that is on account of and corresponds with a change by the Participant in the dependent care provider. The availability of dependent care services from a new childcare provider is similar to a new benefit package option becoming available. A cost change is allowable in the Dependent Care Flexible Spending Account only if the cost change is imposed by a dependent care provider who is not related to the Participant, as defined in Code Section 152(a)(1) through (8).

(k) **Health FSA cannot change due to insurance change.** A Participant shall not be permitted to change an election to the Health Flexible Spending Account as a result of a cost or coverage change under any health insurance benefits.

**ARTICLE VI**

**HEALTH FLEXIBLE SPENDING ACCOUNT**

6.1 **ESTABLISHMENT OF PLAN**

This Health Flexible Spending Account is intended to qualify as a medical reimbursement plan under Code Section 105 and shall be interpreted in a manner consistent with such Code Section and the Treasury regulations thereunder. Participants who elect to participate in this Health Flexible Spending Account may submit claims for the reimbursement of Medical Expenses. All amounts reimbursed shall be periodically paid from amounts allocated to the Health Flexible Spending Account. Periodic payments reimbursing Participants from the Health Flexible Spending Account shall in no event occur less frequently than monthly.

6.2 **DEFINITIONS**

For the purposes of this Article and this Plan, the terms below have the following meaning:

(a) **"Health Flexible Spending Account"** means the account established for Participants pursuant to this Plan to which part of their Cafeteria Plan Benefit Dollars may be allocated and from which all allowable
Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents may be reimbursed.

(b) "Highly Compensated Participant" means, for the purposes of this Article and determining discrimination under Code Section 105(h), a participant who is:

(1) one of the 5 highest paid officers;

(2) a shareholder who owns (or is considered to own applying the rules of Code Section 318) more than 10 percent in value of the stock of the Employer; or among the highest paid 25 percent of all Employees (other than exclusions permitted by Code Section 105(h)(3)(B) for those individuals who are not Participants).

(c) "Medical Expenses" means any expense for medical care within the meaning of the term "medical care" as defined in Code Section 213(d), but only to the extent that the expense has not been reimbursed through insurance or otherwise, and the rulings and Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining his tax liability under the Code. "Medical Expenses" can be incurred by the Participant, his or her Spouse and his or her Dependents. "Incurred" means, with regard to Medical Expenses, when the Participant is provided with the medical care that gives rise to the Medical Expense and not when the Participant is formally billed or charged for, or pays for, the medical care.

A Participant may not be reimbursed for the cost of any medicine or drug that is not "prescribed" within the meaning of Code Section 106(f) or is not insulin.

A Participant may not be reimbursed for the cost of other health coverage such as premiums paid under plans maintained by the employer of the Participant's Spouse or individual policies maintained by the Participant or his Spouse or Dependent.

A Participant may not be reimbursed for "qualified long-term care services" as defined in Code Section 7702B(c).

(d) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Health Flexible Spending Account.
6.3 FORFEITURES

Except as provided in Section 6.8, if any balance remains in the Participants Health Flexible Spending Account for the Plan Year, including any Grace Period, after all reimbursements have been made, then such balance shall not be carried over to reimburse the Participant for Medical Care Expenses incurred during a subsequent Plan Year. The amount in the Health Flexible Spending Account as of the end of the Grace Period for any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.7 hereof) shall be forfeited and credited to the benefit plan surplus, subject to Section 8.2.

6.4 LIMITATION ON ALLOCATIONS

Notwithstanding any provision contained in this Health Flexible Spending Account to the contrary:

(a) The maximum amount that may be allocated to the Health Flexible Spending Account by a Participant in or on account of any Plan Year is $2,550, as adjusted for cost of living by the Internal Revenue Service from time to time. The Administrator may limit the elections of a Participant who is terminated and rehired during the same Plan Year to the extent necessary to comply with the requirements of Code Section 125(i).

(b) The maximum amount of Participant and Employer contributions to the Health Flexible Spending Account that may be used to reimburse Medical Expenses incurred in any Plan Year (or the Grace Period for such Plan Year) is limited to two times the Participant’s salary reduction or, if greater, the Participant’s salary reduction plus $500.

6.5 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Health Flexible Spending Account not to discriminate in violation of the Code and the Treasury regulations thereunder.

(b) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination under this Health Flexible Spending Account, it may, but shall not be required to, reject any elections or reduce contributions or Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Health Flexible Spending Account by the member of the group in whose favor discrimination may not occur pursuant to Code
Section 105 that elected to contribute the highest amount to the fund for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section or the Code are satisfied, or until the amount designated for the fund equals the amount designated for the fund by the next member of the group in whose favor discrimination may not occur pursuant to Code Section 105 who has elected the second highest contribution to the Health Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section or the Code are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and credited to the benefit plan surplus.

6.6 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Health Flexible Spending Account. The enrollment under the Cafeteria Plan shall constitute enrollment under this Health Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

6.7 HEALTH FLEXIBLE SPENDING ACCOUNT CLAIMS

(a) **Expenses must be incurred during Plan Year.** All Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents during the Plan Year including the Grace Period shall be reimbursed during the Plan Year subject to Section 2.6, even though the submission of such a claim occurs after his participation hereunder ceases; but provided that the Medical Expenses were incurred during the applicable Plan Year. Medical Expenses are treated as having been incurred when the Participant is provided with the medical care that gives rise to the medical expenses, not when the Participant is formally billed or charged for, or pays for the medical care.

(b) **Reimbursement available throughout Plan Year.** The Administrator shall direct the reimbursement to each eligible Participant for all allowable Medical Expenses, up to a maximum of the amount designated by the Participant for the Health Flexible Spending Account for the Plan Year. Reimbursements shall be made available to the Participant throughout the year without regard to the level of Cafeteria Plan Benefit Dollars which have been allocated to the fund at any given point in time. Furthermore, a Participant shall be entitled to reimbursements only for amounts in excess of any payments or other reimbursements under any health care plan covering the Participant and/or his Spouse or Dependents.
(c) **Payments.** Reimbursement payments under this Plan shall be made directly to the Participant. However, in the Administrator's discretion, payments may be made directly to the service provider. The application for payment or reimbursement shall be made to the Administrator on an acceptable form within a reasonable time of incurring the debt or paying for the service. The application shall include a written statement from an independent third party stating that the Medical Expense has been incurred and the amount of such expense. Furthermore, the Participant shall provide a written statement that the Medical Expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the Health Flexible Spending Account, such amount will not be claimed as a tax deduction. The Administrator shall retain a file of all such applications.

(d) **Grace Period.** Notwithstanding anything in this Section to the contrary, Medical Expenses incurred during the Grace Period, up to the remaining account balance, shall also be deemed to have been incurred during the Plan Year to which the Grace Period relates.

(e) **Claims for reimbursement.** Claims for the reimbursement of Medical Expenses incurred in any Plan Year shall be paid as soon after a claim has been filed as is administratively practicable; provided however, that if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those Medical Expense claims shall not be considered for reimbursement by the Administrator. Non-prescription drug costs incurred during the Grace Period related to the 2010 Plan Year shall not be reimbursed.

6.8 **QUALIFIED RESERVIST DISTRIBUTIONS**

(a) **Qualified Reservist Distribution.** A Participant may request a Qualified Reservist Distribution, provided the following provisions are satisfied. "Qualified Reservist Distribution" means any distribution to a Participant of all or a portion of the balance in the Participant's Health Flexible Spending Account if:

1. Such Participant was an individual who was (by reason of being a member of a reserve component (as defined in Section 101 of Title 37, United States Code)) ordered or called to active duty for a period of 180 days or more or for an indefinite period.

2. A Participant may have been called prior to June 18, 2008, provided the individual's active duty continues after June 18, 2008 and the period of duty complies with subsection (a).
(3) The distribution is made during the period beginning on the date of the order or call that applies to the Participant and ending on the last day of the Plan Year (or Grace Period) which includes the date of such order or call.

(4) The Qualified Reservist Distribution option is offered to all Participants who qualify under this Article.

(5) Qualified Reservist Distributions may only be made if the Participant is ordered or called to active duty, not the Participant's spouse or dependents.

(6) Under Section 101 of the Title 37 of the United States Code, "reserve component" means: (1) the Army National Guard, (2) the Army Reserve, (3) the Navy Reserve, (4) the Marine Corps Reserve, (5) the Air National Guard, (6) the Air Force Reserve, (7) the Coast Guard Reserve, or (8) the Reserve Corps of the Public Health Service.

(b) Conditions. The following conditions apply:

(1) The Employer must receive a copy of the order or call to active duty and may rely on the order or call to determine the period that the Participant has been ordered or called to duty.

(2) Eligibility for a Qualified Reservist Distribution is not affected if the order or call is for 180 days or more or is indefinite, but the actual period of active duty is less than 180 days or is changed otherwise from the order or call.

(3) If the original order is less than 180 days, then no Qualified Reservist Distribution is allowed. However, if subsequent calls or orders increase the total days of active duty to 180 or more, then a Qualified Reservist Distribution will be allowed.

(c) Amount. The amount a Participant may be reimbursed from the Health Flexible Spending Account is the amount contributed by the Participant to the Health Flexible Spending Account as of the date of the distribution request, less any reimbursements received as of the date of the distribution request.

(d) Procedure. The Employer must specify a process for requesting the distribution. The Employer may limit the number of distributions processed for a Participant to one per Plan Year. The distribution request must be made on or after the call or order and before the last day of the
Grace Period. The QRD shall be paid within a reasonable time but in no event more than 60 days after the date of the request.

(e) **Claims.** Claims incurred prior to the date of the request of the distribution shall be paid as any other claim. Claims incurred after the date of the distribution shall be paid on submission as any other claim.

**ARTICLE VII**
**DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT**

7.1 **ESTABLISHMENT OF ACCOUNT**

This Dependent Care Flexible Spending Account is intended to qualify as a program under Code Section 129 and shall be interpreted in a manner consistent with such Code Section. Participants who elect to participate in this program may submit claims for the reimbursement of Employment-Related Dependent Care Expenses. All amounts reimbursed shall be paid from amounts allocated to the Participant's Dependent Care Flexible Spending Account.

7.2 **DEFINITIONS**

For the purposes of this Article and the Cafeteria Plan the terms below shall have the following meaning:

(a) "**Dependent Care Flexible Spending Account**" means the account established for a Participant pursuant to this Article to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Employment-Related Dependent Care Expenses of the Participant may be reimbursed for the care of the Qualifying Dependents of Participants.

(b) "**Earned Income**" means earned income as defined under Code Section 32(c)(2), but excluding such amounts paid or incurred by the Employer for dependent care assistance to the Participant.

(c) "**Employment-Related Dependent Care Expenses**" means the amounts paid for expenses of a Participant for those services which if paid by the Participant would be considered employment related expenses under Code Section 21(b)(2). Generally, they shall include expenses for household services and for the care of a Qualifying Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Dependents with respect to such Participant. Employment-Related Dependent Care Expenses are treated as having been incurred when the Participant's Qualifying Dependents are provided with the dependent care that gives rise to the Employment-Related Dependent
Care Expenses, not when the Participant is formally billed or charged for, or pays for the dependent care. The determination of whether an amount qualifies as an Employment-Related Dependent Care Expense shall be made subject to the following rules:

(1) If such amounts are paid for expenses incurred outside the Participant's household, they shall constitute Employment-Related Dependent Care Expenses only if incurred for a Qualifying Dependent as defined in Section 7.2(d)(1) (or deemed to be, as described in Section 7.2(d)(1) pursuant to Section 7.2(d)(3)), or for a Qualifying Dependent as defined in Section 7.2(d)(2) (or deemed to be, as described in Section 7.2(d)(2) pursuant to Section 7.2(d)(3)) who regularly spends at least 8 hours per day in the Participant's household;

(2) If the expense is incurred outside the Participant's home at a facility that provides care for a fee, payment, or grant for more than 6 individuals who do not regularly reside at the facility, the facility must comply with all applicable state and local laws and regulations, including licensing requirements, if any; and

(3) Employment-Related Dependent Care Expenses of a Participant shall not include amounts paid or incurred to a child of such Participant who is under the age of 19 or to an individual who is a Dependent of such Participant or such Participant’s Spouse.

(d) "Qualifying Dependent" means, for Dependent Care Flexible Spending Account purposes,

(1) a Participant's Dependent (as defined in Code Section 152(a)(1)) who has not attained age 13;

(2) a Dependent or the Spouse of a Participant who is physically or mentally incapable of caring for himself or herself and has the same principal place of abode as the Participant for more than one-half of such taxable year; or

(3) a child that is deemed to be a Qualifying Dependent described in paragraph (1) or (2) above, whichever is appropriate, pursuant to Code Section 21(e)(5).

(e) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Dependent Care Flexible Spending Account.
7.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

The Administrator shall establish a Dependent Care Flexible Spending Account for each Participant who elects to apply Cafeteria Plan Benefit Dollars to Dependent Care Flexible Spending Account benefits.

7.4 INCREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be increased each pay period by the portion of Cafeteria Plan Benefit Dollars that he has elected to apply toward his Dependent Care Flexible Spending Account pursuant to elections made under Article V hereof.

7.5 DECREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be reduced by the amount of any Employment-Related Dependent Care Expense reimbursements paid or incurred on behalf of a Participant pursuant to Section 7.12 hereof.

7.6 ALLOWABLE DEPENDENT CARE REIMBURSEMENT

Subject to limitations contained in Section 7.9 of this Program, and to the extent of the amount contained in the Participant's Dependent Care Flexible Spending Account, a Participant who incurs Employment-Related Dependent Care Expenses shall be entitled to receive from the Employer full reimbursement for the entire amount of such expenses incurred during the Plan Year or portion thereof during which he is a Participant as long as such expenses have not otherwise been reimbursed.

7.7 ANNUAL STATEMENT OF BENEFITS

On or before January 31st of each calendar year, the Employer shall furnish to each Employee who was a Participant and received benefits under Section 7.6 during the prior calendar year, a statement of all such benefits paid to or on behalf of such Participant during the prior calendar year. This statement is set forth on the Participant's Form W-2.

7.8 FORFEITURES

The amount in a Participant's Dependent Care Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 7.12 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason.
7.9 LIMITATION ON PAYMENTS

(a) Code limits. Notwithstanding any provision contained in this Article to the contrary, amounts paid from a Participant's Dependent Care Flexible Spending Account in or on account of any taxable year of the Participant shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or $5,000 ($2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)).

7.10 NONDISCRIMINATION REQUIREMENTS

(a) Intent to be nondiscriminatory. It is the intent of this Dependent Care Flexible Spending Account that contributions or benefits not discriminate in favor of the group of employees in whose favor discrimination may not occur under Code Section 129(d).

(b) 25% test for shareholders. It is the intent of this Dependent Care Flexible Spending Account that not more than 25 percent of the amounts paid by the Employer for dependent care assistance during the Plan Year will be provided for the class of individuals who are shareholders or owners (or their Spouses or Dependents), each of whom (on any day of the Plan Year) owns more than 5 percent of the stock or of the capital or profits interest in the Employer.

(c) Adjustment to avoid test failure. If the Administrator deems it necessary to avoid discrimination or possible taxation to a group of employees in whose favor discrimination may not occur in violation of Code Section 129 it may, but shall not be required to, reject any elections or reduce contributions or non-taxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Dependent Care Flexible Spending Account by the affected Participant that elected to contribute the highest amount to such account for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section are satisfied, or until the amount designated for the account equals the amount designated for the account of the affected Participant who has elected the second highest contribution to the Dependent Care Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.
7.11 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Dependent Care Flexible Spending Account. The enrollment and termination of participation under the Cafeteria Plan shall constitute enrollment and termination of participation under this Dependent Care Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

7.12 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT CLAIMS

The Administrator shall direct the payment of all such Dependent Care claims to the Participant upon the presentation to the Administrator of documentation of such expenses in a form satisfactory to the Administrator. However, in the Administrator's discretion, payments may be made directly to the service provider. In its discretion in administering the Plan, the Administrator may utilize forms and require documentation of costs as may be necessary to verify the claims submitted. At a minimum, the form shall include a statement from an independent third party as proof that the expense has been incurred during the Plan Year and the amount of such expense. In addition, the Administrator may require that each Participant who desires to receive reimbursement under this Program for Employment-Related Dependent Care Expenses submit a statement which may contain some or all of the following information:

(a) The Dependent or Dependents for whom the services were performed;

(b) The nature and date of the services performed for the Participant, the cost of which he wishes reimbursement;

(c) The amount of the requested reimbursement;

(d) The relationship, if any, of the person performing the services to the Participant;

(e) If the services are being performed by a child of the Participant, the age of the child;

(f) A statement as to where the services were performed;

(g) If any of the services were performed outside the home, a statement as to whether the Dependent for whom such services were performed spends at least 8 hours a day in the Participant's household;

(h) If the services were being performed in a day care center, a statement:
(1) that the day care center complies with all applicable laws and regulations of the state of residence,

(2) that the day care center provides care for more than 6 individuals (other than individuals residing at the center), and

(3) of the amount of fee paid to the provider.

(i) If the Participant is married, a statement containing the following:

(1) the Spouse's salary or wages if he or she is employed, or

(2) if the Participant's Spouse is not employed, that

   (i) he or she is incapacitated, or

   (ii) he or she is a full-time student attending an educational institution and the months during the year which he or she attended such institution.

(j) A statement that the reimbursement sought has not otherwise been reimbursed and that the Participant will not seek reimbursement through any other source.

**Claims for reimbursement.** If a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator.

**ARTICLE VIII**
**BENEFITS AND RIGHTS**

8.1 **CLAIM FOR BENEFITS**

(a) **Insurance claims.** Any claim for Benefits underwritten by Insurance Contract(s) shall be made to the Insurer. If the Insurer denies any claim, the Participant or beneficiary shall follow the Insurer's claims review procedure.

(b) **Dependent Care Flexible Spending Account or Health Flexible Spending Account Claims.** Any claim for Dependent Care Flexible Spending Account or Health Flexible Spending Account Benefits shall be made to the Administrator. For the Health Flexible Spending Account, if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. For the Dependent Care Flexible Spending Account, if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for
reimbursement by the Administrator. If the Administrator denies a claim, the Administrator may provide notice to the Participant or beneficiary, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. The notice of a denial of a claim shall be written in a manner calculated to be understood by the claimant and shall set forth:

(1) specific references to the pertinent Plan provisions on which the denial is based;

(2) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and

(3) an explanation of the Plan's claim procedure.

(c) Appeal. Within 60 days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the claim denial to the Administrator for a full and fair review. The claimant or his duly authorized representative may:

(1) request a review upon written notice to the Administrator;

(2) review pertinent documents; and

(3) submit issues and comments in writing.

(d) Review of appeal. A decision on the review by the Administrator will be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than 120 days after such receipt. The decision of the Administrator shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

(e) Forfeitures. Any balance remaining in the Participant's Dependent Care Flexible Spending Account or Health Flexible Spending Account as of the end of the time for claims reimbursement for each Plan Year and Grace Period (if applicable) shall be forfeited and deposited in the benefit plan surplus of the Employer pursuant to Section 6.3 or Section 7.8, whichever is applicable, unless the Participant had made a claim for such Plan Year, in writing, which has been denied or is pending; in which event the amount of the claim shall be held in his account until the claim appeal procedures set forth above have been satisfied or the claim is paid. If any such claim is denied on appeal, the amount held beyond the end of the Plan Year shall be forfeited and credited to the benefit plan surplus.
8.2 APPLICATION OF BENEFIT PLAN SURPLUS

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall be used to defray any administrative costs and experience losses or used to provide additional benefits under the Plan.

ARTICLE IX
ADMINISTRATION

9.1 PLAN ADMINISTRATION

The Employer shall be the Administrator, unless the Employer elects otherwise. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

If the Employer elects, the Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Employees entitled to participate in the Plan in accordance with the terms of the Plan and the Code.

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power and discretion to administer the Plan in all of its details and determine all questions arising in connection with the administration, interpretation, and application of the Plan. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan. The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the
Plan. The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the Plan, including, but not limited to, in addition to all other powers provided by this Plan:

(a) To make and enforce such procedures, rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the provisions of the Plan, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits by operation of the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided by operation of the Plan;

(d) To reject elections or to limit contributions or Benefits for certain highly compensated participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;

(e) To provide Employees with a reasonable notification of their benefits available by operation of the Plan and to assist any Participant regarding the Participant's rights, benefits or elections under the Plan;

(f) To keep and maintain the Plan documents and all other records pertaining to and necessary for the administration of the Plan;

(g) To review and settle all claims against the Plan, to approve reimbursement requests, and to authorize the payment of benefits if the Administrator determines such shall be paid if the Administrator decides in its discretion that the applicant is entitled to them. This authority specifically permits the Administrator to settle disputed claims for benefits and any other disputed claims made against the Plan;

(h) To appoint such agents, counsel, accountants, consultants, and other persons or entities as may be required to assist in administering the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations thereunder.
9.2 EXAMINATION OF RECORDS

The Administrator shall make available to each Participant, Eligible Employee and any other Employee of the Employer such records as pertain to their interest under the Plan for examination at reasonable times during normal business hours.

9.3 PAYMENT OF EXPENSES

Any reasonable administrative expenses shall be paid by the Employer unless the Employer determines that administrative costs shall be borne by the Participants under the Plan or by any Trust Fund which may be established hereunder. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

9.4 INSURANCE CONTROL CLAUSE

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of an independent third party Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

9.5 INDEMNIFICATION OF ADMINISTRATOR

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

ARTICLE X
AMENDMENT OR TERMINATION OF PLAN

10.1 AMENDMENT

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of modifying any benefit election of any Participant in effect at the time of such
amendment, unless such amendment is made to comply with Federal, state or local laws, statutes or regulations.

10.2 TERMINATION

The Employer reserves the right to terminate this Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits under any Insurance Contract shall be paid in accordance with the terms of the Insurance Contract.

No further additions shall be made to the Health Flexible Spending Account or Dependent Care Flexible Spending Account, but all payments from such fund shall continue to be made according to the elections in effect until 90 days after the termination date of the Plan. Any amounts remaining in any such fund or account as of the end of such period shall be forfeited and deposited in the benefit plan surplus after the expiration of the filing period.

ARTICLE XI
MISCELLANEOUS

11.1 PLAN INTERPRETATION

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 11.12.

In the event the terms or provisions of any summary or description of this Plan conflict, the provisions of this Plan shall control unless otherwise provided by law.

11.2 GENDER AND NUMBER

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

11.3 WRITTEN DOCUMENT

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.
11.4 EXCLUSIVE BENEFIT

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan. The right of any Participant to receive any reimbursement under this Plan is not transferrable or assignable and shall not be subject to claims by the Participant’s creditors by any process whatsoever.

11.5 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

11.6 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

11.7 EMPLOYER'S PROTECTIVE CLAUSES

(a) **Insurance purchase.** Upon the failure of either the Participant or the Employer to obtain the insurance contemplated by this Plan (whether as a result of negligence, gross neglect or otherwise), the Participant's Benefits shall be limited to the insurance premium(s), if any, that remained unpaid for the period in question and the actual insurance proceeds, if any, received by the Employer or the Participant as a result of the Participant's claim.

(b) **Validity of insurance contract.** The Employer shall not be responsible for the validity of any Insurance Contract issued hereunder or for the failure on the part of the Insurer to make payments provided for under any Insurance Contract. Once insurance is applied for or obtained, the Employer shall not be liable for any loss which may result from the failure to pay Premiums to the extent Premium notices are not received by the Employer.

11.8 NO GUARANTEE OF TAX CONSEQUENCES

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of
each Participant to determine whether each payment under the Plan is excludable from the
Participant's gross income for federal and state income tax purposes, and to notify the Employer
if the Participant has reason to believe that any such payment is not so excludable.
Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally
enforceable.

11.9 INDEMNIFICATION OF EMPLOYER BY PARTICIPANTS

If any Participant receives one or more payments or reimbursements under the Plan that
are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for
any liability it may incur for failure to withhold federal or state income tax or Social Security
tax from such payments or reimbursements. However, such indemnification and reimbursement
shall not exceed the amount of additional federal and state income tax (plus any penalties) that
the Participant would have owed if the payments or reimbursements had been made to the
Participant as regular cash compensation, plus the Participant's share of any Social Security tax
that would have been paid on such compensation, less any such additional income and Social
Security tax actually paid by the Participant.

11.10 FUNDING

Unless otherwise required by law, contributions to the Plan need not be placed in trust or
dedicated to a specific Benefit, but may instead be considered general assets of the Employer.
Furthermore, and unless otherwise required by law, nothing herein shall be construed to require
the Employer or the Administrator to maintain any fund or segregate any amount for the benefit
of any Participant, and no Participant or other person shall have any claim against, right to, or
security or other interest in, any fund, account or asset of the Employer from which any
payment under the Plan may be made.

1.11 GOVERNING LAW

This Plan is governed by the Code and the Treasury regulations issued thereunder (as
they might be amended from time to time). In no event shall the Employer guarantee the
favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the
provisions of this Plan shall be construed, enforced and administered according to the laws of
the State of California.

11.12 SEVERABILITY

If any provision of the Plan is held invalid or unenforceable, its invalidity or
unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed
and enforced as if such provision had not been included herein.
11.13 CAPTIONS

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

11.14 CONTINUATION OF COVERAGE (COBRA)

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan subject to the continuation coverage requirement of Code Section 4980B becomes unavailable, each Participant will be entitled to continuation coverage as prescribed in Code Section 4980B, and related regulations. This Section shall only apply if the Employer employs at least twenty (20) employees on more than 50% of its typical business days in the previous calendar year.

11.15 FAMILY AND MEDICAL LEAVE ACT (FMLA)

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the Family and Medical Leave Act and regulations thereunder, this Plan shall be operated in accordance with Regulation 1.125-3.

11.16 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

If applicable, this Plan shall be operated in accordance with HIPAA and regulations thereunder.

11.17 UNIFORM SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniform Services Employment And Reemployment Rights Act (USERRA) and the regulations thereunder.

11.18 COMPLIANCE WITH HIPAA PRIVACY STANDARDS

(a) Application. If any benefits under this Cafeteria Plan are subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the "Privacy Standards"), then this Section shall apply.

(b) Disclosure of PHI. The Plan shall not disclose Protected Health Information to any member of the Employer’s workforce unless each of...
the conditions set out in this Section are met. "Protected Health Information" shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including information about treatment or payment for treatment.

(c) **PHI disclosed for administrative purposes.** Protected Health Information disclosed to members of the Employer's workforce shall be used or disclosed by them only for purposes of Plan administrative functions. The Plan's administrative functions shall include all Plan payment functions and health care operations. The terms "payment" and "health care operations" shall have the same definitions as set out in the Privacy Standards, but the term "payment" generally shall mean activities taken to determine or fulfill Plan responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care. Genetic information will not be used or disclosed for underwriting purposes.

(d) **PHI disclosed to certain workforce members.** The Plan shall disclose Protected Health Information only to members of the Employer's workforce who are authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the Plan. "Members of the Employer's workforce" shall refer to all employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

(1) An authorized member of the Employer's workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the Plan.

(2) In the event that any member of the Employer's workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the Plan's privacy officer. The privacy officer shall take appropriate action, including:

(i) investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;

(ii) appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach,
may include oral or written reprimand, additional training, or termination of employment;

(iii) mitigation of any harm caused by the breach, to the extent practicable; and

(iv) documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

(c) **Certification.** The Employer must provide certification to the Plan that it agrees to:

1. Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law;

2. Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Plan, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;

3. Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

4. Report to the Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

5. Make available Protected Health Information to individual Plan members in accordance with Section 164.524 of the Privacy Standards;

6. Make available Protected Health Information for amendment by individual Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

7. Make available the Protected Health Information required to provide an accounting of disclosures to individual Plan members in accordance with Section 164.528 of the Privacy Standards;

8. Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Department of Health and Human Services for purposes of determining compliance by the Plan with the Privacy Standards;
(9) If feasible, return or destroy all Protected Health Information received from the Plan that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(10) Ensure the adequate separation between the Plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

11.19 COMPLIANCE WITH HIPAA ELECTRONIC SECURITY STANDARDS

Under the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Part 164.300 et. seq., the "Security Standards"):

(a) **Implementation.** The Employer agrees to implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the Plan. "Electronic Protected Health Information" shall have the same definition as set out in the Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

(b) **Agents or subcontractors shall meet security standards.** The Employer shall ensure that any agent or subcontractor to whom it provides Electronic Protected Health Information shall agree, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

(c) **Employer shall ensure security standards.** The Employer shall ensure that reasonable and appropriate security measures are implemented to comply with the conditions and requirements set forth in Section 11.18.

11.20 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Mental Health Parity and Addiction Equity Act.

11.21 GENETIC INFORMATION NONDISCRIMINATION ACT (GINA)

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Genetic Information Nondiscrimination Act.
11.22 WOMEN'S HEALTH AND CANCER RIGHTS ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Women's Health and Cancer Rights Act of 1998.

11.23 NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Newborns' and Mothers' Health Protection Act.

IN WITNESS WHEREOF, this Plan document is hereby executed this _____ day of. ________

CITY OF EL SEGUNDO

By: ____________________________
ADOPTING RESOLUTION

The undersigned Principal of City of El Segundo (the Employer) hereby certifies that the following resolutions were duly adopted by the Employer on ________________________ and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the City of El Segundo Flexible Benefits Plan, a form of amended Cafeteria Plan, including a Dependent Care Flexible Spending Account and Health Flexible Spending Account, including any recommended revisions by legal counsel, to become effective October 1, 2016, (Plan) is hereby approved and adopted;

RESOLVED, that the City Manager is hereby authorized and directed to take action necessary to implement the Plan, including designating an Administrator for the Plan, or one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

The undersigned further certifies that attached hereto as Exhibit A is a copy of the City of El Segundo Flexible Benefits Plan as amended and restated effective October 1, 2016, approved and adopted in the foregoing resolutions.

__________________________________
Principal

__________________________________
Date
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: Greg Carpenter, City Manager
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. 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.4975

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 June 1, 2016, employees may opt out of insurance and receive $250/month in cash. The employee must provide verification of alternative coverage in order to opt out and is responsible for the tax consequences of the cash payment. The cash benefit is not subject to PERS retirement credit.

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

ATTEST:

Tracy Weaver, City Clerk

APPROVED AS TO FORM:

Mark D Hensley, City Attorney
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. 4975 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: Mayor Fuentes, Mayor Pro Tem Jacobson, Council Member Atkinson, Council Member Fellhauer, Council Member Dugan

NOES:

ABSENT:

ABSTAIN:

NOT PARTICIPATING:

WITNESS MY HAND THE OFFICIAL SEAL OF SAID CITY this 6th day of June, 2016.

[Signature]
Tracy Weaver, City Clerk
of the City of El Segundo,
California
(SEAL)
EL SEGUNDO CITY COUNCIL
AGENDA STATEMENT
MEETING DATE: September 20, 2016
AGENDA HEADING: Consent Agenda

AGENDA DESCRIPTION:
Consideration and possible action to authorize the City Manager to extend the existing contract with William Avery & Associates, Inc. to conduct a Police Chief recruitment and future executive searches as needed. (Fiscal Impact: $24,400)

RECOMMENDED COUNCIL ACTION:
1. Authorize the City Manager to extend the existing contract with William Avery & Associates, an executive search firm, for purposes of recruiting for the position of Police Chief and to conduct future executive searches for the City as needed.
2. Alternatively, discuss and take other actions related to this item.

ATTACHED SUPPORTING DOCUMENTS:
William Avery & Associates Proposal for Police Chief Recruitment

FISCAL IMPACT: $24,400
Amount Budgeted: $24,400
Additional Appropriation: N/A
Account Number(s): 

ORIGINATED BY: Martha A. Dijkstra, Human Resources Director
REVIEWED BY: Greg Carpenter, City Manager
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
At its meeting on July 21, 2015, the City Council authorized the City Manager to enter into an agreement with the executive search firm of William Avery & Associates for purposes of recruiting for the positions of Fire Chief and Director of Finance. Staff was pleased with Mr. Avery’s results and amended the agreement earlier this year to engage his services to recruit for the position of Director of Human Resources, currently in progress.

Police Chief Mitch Tavera has announced his retirement effective December 31, 2016. As a result, staff would like to retain the services of Mr. Avery, once again, to conduct this recruitment. Staff is bringing this item to Council for approval because monies carried forward from FY 14-15 to FY 15-16 coupled with the costs associated with the current Director of Human Resources and upcoming Police Chief recruitments exceed the City Manager’s spending authority. Additionally, staff would like the ability to utilize Mr. Avery’s services for future executive recruitments should the need arise.

The costs associated with the Police Chief recruitment will not exceed $24,400 ($17,900 + a cap of $6500 of reimbursable expenses). The cost can be absorbed within the existing funds in the City Manager’s and Human Resources Department’s budget, therefore no additional appropriation is requested.
Exhibit A

(Recruitment for Police Chief)

Recruitment Team for the City of El Segundo

Bill Avery will serve as the Project Lead in this assignment and will be supported by the administrative team of Avery Associates. Mr. Avery will be personally involved in client meetings, development of the ideal candidate profile and search strategy, candidate outreach, interview and assessment of candidates, presentation of candidates, attendance at final interviews, final referencing and will be available throughout the search process to provide other related consulting services. Mr. Avery will have involvement in all aspects of this recruitment with the exception of clerical and administrative tasks.

Recruitment Plan

I. Position Profile and Organizational Assessment

The initial assessment phase is a critical component of the search process. Mr. Avery will meet with the key decision makers to discuss the organizational needs and position requirements. For Police Chief recruitments we also find it valuable to meet with the POA and command staff personnel to identify key attributes for the new Chief.

Our goal for this aspect of the recruitment process is to:

- Understand the City's priorities for these positions.
- Develop a clear understanding and consensus on the expertise, experience, education, performance attributes and operational style of the ideal candidate to help ensure a successful match.
- Discuss the goals, objectives, deliverables, and challenges related to these positions.
- Gain insight of the various organizational dynamics and departmental issues that exist within the organization.
- Identify the compelling aspects to these opportunities.
The formal position description and ideal candidate profile would be developed from the above discussions and incorporated into the formal position announcement. The candidate profile is also utilized in various other means as a marketing tool, for advertising copy, postings, and for other announcements.

II. Search Strategy and Outreach Efforts

The search strategy is developed in conjunction with the organizational assessment. We feel it is critical to develop a high level of visibility with a comprehensive outreach program supplemented by a focused targeted recruitment approach. We would incorporate the following elements into these searches:

- Original research, which consists of identification and contact of current incumbents or other candidates who meet the profile, but are not actively seeking other employment.

- Development of a targeted candidate list based on our extensive database, contacts, referrals and recommendations from key sources and other current and former Police Command personnel who have extensive contacts and networks in these areas.

- Active referral solicitation from various police safety industry sources and other contacts developed from our many years of public sector consulting.

- An extensive, personalized mailing campaign to individuals identified through the means identified above and/or those affiliated with police management throughout the state and country.

- Marketing and listing the position with various agencies, counties and cities within the state, region and country. This would include print advertising and web posting on police safety related websites.

- Distribution of the comprehensive position announcement to various city, county, and state departments and agencies throughout the state and country.

III. Candidate Assessment

Our assessment process involves several "tiers" of evaluation. Candidates responding to these positions will be initially evaluated based on their resume and if appropriate, a phone "screening" by a firm Consultant. Candidates who pass the initial "qualifying" criteria are then scheduled for a formal face-to-face interview with the primary consultant in charge of the project. These extended personal interviews typically take one hour and a thorough discussion of their experience, accomplishments, management philosophy and interpersonal style takes place.
In interviewing candidates, we utilize a methodology based on “behavioral” interview techniques. Fundamentally, this approach explores a candidate’s past accomplishments and experiences. The philosophy here is that the best indicator of future performance is assessing past behavior. This methodology allows the firm to “project” how a candidate would approach and address challenges in the new position and help ensure a positive match with the organization.

Those individuals who best fit the position requirements will have a Candidate Assessment Report developed by the project lead that conducted the interview. Additionally, two preliminary, initial reference interviews are performed on these candidates. The reference interviews provide our clients with additional insights on the candidate’s “behavior” and style.

IV. Candidate Presentation

Upon completion of formal interviews and preliminary reference interviews, a recommendation of finalist candidates for your consideration is made. We feel our extensive screening, interview, and initial reference process combined with the candidate insights provided by our detailed Candidate Assessment Report gives our clients an in-depth and detailed background on each recommended finalist. Our clients frequently comment on the value this background provides.

The final candidates are presented in our candidate presentation “book.” Each recommended finalist will have a candidate profile consisting of a candidate summary sheet, a cover letter, resume, the Candidate Assessment Report (based on the formal interview), and two initial candidate reference interviews. Others who have interviewed or given secondary consideration will also be included in the book.

V. Selection Process

Once the final candidate interview group is identified, we will assist in the structuring of the interview process and coordinate the interview scheduling activity. Our firm will also provide candidates with guidance related to travel planning, hotel accommodations, as well as other interview planning issues.

VI. Position Closure

The selected candidate will require a full POST background to be appointed as Police Chief. The cost for this comprehensive background is not included in this proposal. We can assist in identifying an approved investigator to support the City.

Based on the firm’s experience in human resource management and executive search, we are able to assist our clients in the formulation of appropriate compensation and other employment arrangements. We will be available throughout our retention to assist in this process.
Timeline

Our experience reflects the approximate timeline from initial client meeting to offer acceptance will take a minimum of four months. The key activities and timeframes are as follows:

- Initial client meeting to identify and develop specifications: week 1
- Develop job announcement & secure related materials from client: week 3
- Advertising developed and website postings: week 4
- Print and distribute job announcement: week 5
- Outreach period: week 6-12
- Assessment/evaluation/referencing of candidates: week 11-14
- Candidates presented and discussed with clients: week 15
- Final interviews: week 16-17
- Offer extended: week >17

*This timeline represents a standard recruitment process.

Consulting

Based on the services described in our proposal, the professional services consulting fee for this recruitment will be $17,900. If awarded the search, we would request an initial retainer of $6,900 at the outset of the search. A second invoice of $5,500 would be submitted upon the Clients acceptance of a finalist candidate group. The final balance of $5,500 would be invoiced upon acceptance of a job offer constituting completion of the search. Our invoicing models ensures the firm will remain totally committed to the City throughout the duration of the search as the final invoice is not submitted until the City has an accepted candidate. The consulting fee will be inclusive of all services defined within this proposal unless otherwise stated.

In addition to the Professional Services Fee, normal and direct out-of-pocket expenses associated with the search are charged back to the client. Expenses for this assignment would be a not-to-exceed amount of $6,500 without the express consent of the City. These expenses include: advertising, clerical time, supplies, printing, telephone, postage and consultant travel for client discussions, meetings and local or out-of-area candidate interviews. All expense items will be detailed and billed on a monthly basis. This expense budget is not inclusive of the cost for a POST background on the selected candidate.
Guarantees and Ethics

Whenever William Avery & Associates, Inc. is retained; we make several guarantees and commitments to a client. Due to our experience, knowledge and success within the management-consulting field, we assure a client that we will only present candidates who meet a substantial majority of the ideal qualifications that you have outlined. We are also committed to continue our search efforts until a successful candidate is employed.

It is also our practice to replace a candidate who may voluntarily resign during the first year of his/her employment. This same commitment applies if the client finds it necessary to terminate or to request the resignation of the selected individual in the first year for any reason. In either case, we invoice a client only for out-of-pocket expenses incurred in identifying a replacement.
Consideration and possible action to authorize the City Manager to a) transfer $27,929 in funds budgeted for Fiscal Year FY 2015/16 for employee salaries and benefits to professional/technical service charges; and b) increase contract amount with Hayer Consultants, Inc., in a total amount not to exceed $112,929 (Fiscal Impact: $ 0)

RECOMMENDED COUNCIL ACTION:

1. Authorize the City Manager to transfer $27,929 in funds budgeted in Fiscal Year FY 2015/16 for the “employee salaries and benefits” budget category to the “professional/technical service charges” budget category;

2. Authorize the City Manager to execute an amendment to the agreement with Hayer Consultants, Inc., in a form approved by the City Attorney to increase the respective contract amounts to a total amount not to exceed $112,929;

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

ATTACHED SUPPORTING DOCUMENTS: None

FISCAL IMPACT: None

Amount Budgeted: N/A
Additional Appropriation: N/A
Account Number(s): Planning and Building Safety – Building Safety #001-400-2403-6214

ORIGINATED BY: Lukas Quach, Building Safety Manager
REVIEWED BY: Sam Lee, Planning and Building Safety Director
Joseph Lillio, Finance Director
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
The approved budget for the Building Safety Department for Fiscal Year 2015/16 includes a total of $1,045,100 for the Building Safety Division. Due to vacancy in Building Safety Divisions, staff has identified cost savings in employee salaries and benefits over the next month of approximately $27,929.
Currently, the City utilizes consultants to perform certain services for the Planning and Building Safety Department:

- **Hayer Consultants, Inc.**: Hayer provides code enforcement, plan check and inspection consulting services for the Building Safety Division. These services are utilized when workload exceeds the level that would preclude City staff from meeting customer service expectations.

The contract with the above consultant is proposed to increase (see table below), in order to continue to temporarily fill vacancies with consultants to handle an increasing plan check, inspection and counter service activity for ongoing major projects.

<table>
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<th>Consultants</th>
<th>Current contract amount (7/1/16)</th>
<th>Reallocation to contract amount (9/20/16)</th>
<th>Total Proposed Contract Amount (9/20/16)</th>
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<td>Hayer Consultants, Inc.</td>
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**RECOMMENDATION**

Accordingly, staff recommends that the City Council authorize the transfer of funds from the “employee salaries and benefits” budget category to “professional/technical service charges” budget category, in order to continue to temporarily retain the services of additional professional/technical consultants in the Planning and Building Safety Department, until the vacant positions can be filled. This reallocation of funds will reduce the funds budgeted for employee salaries and benefits from $1,045,100 to $715,371 (with the reallocation in June to $743,300) for the Building Division for Fiscal Year 2015/16, while increasing the funds budgeted for professional/technical services charges for each Division by the corresponding amounts.

Additionally, staff recommends that the City Council authorize the City Manager to amend the existing agreement with Hayer Consultants, Inc. to increase the total contract to $112,929.

If approved by the City Council, staff will prepare amendments with the above-referenced consultants, in a form approved by the City Attorney.

P:\Planning & Building Safety\0 Administrative\Budget\Budget 2015-16\Sept 2016 transfer funds staff report 09202016 FINAL2
AGENDA DESCRIPTION:
Consideration and possible action regarding a thirty (30) day provisional appointment extension for the position of Information Systems Manager (Fiscal Impact: $).

RECOMMENDED COUNCIL ACTION:
(1) Approve the thirty (30) day provisional appointment extension for the position of IS Manager;
(2) Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS:
1) El Segundo Municipal Code Section 1-6-13(c)

FISCAL IMPACT: Included in Adopted Budget
Amount Budgeted: None
Additional Appropriation: N/A
Account Number(s):

ORIGINATED BY: Brian Evanski, Captain
REVIEWED BY: Mitch Tavera, Chief of Police
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND AND DISCUSSION:
The Police Department is requesting another thirty (30) day extension for the interim position of Information Systems Manager in accordance with El Segundo Municipal Code Section 1-6-13(c). Scott Kim has been Acting Information Systems Manager since November 14, 2015, due to the resignation of Larry Klingaman, who held the full time manager position.

Since Mr. Kim was appointed to the Acting IS Manager position, he has been managing various projects including the ongoing fiber plan and the Laserfiche install in addition to coordinating multiple service contracts. Staff is currently researching the various options available to fill this vacancy on a full-time permanent basis. Until such time, we are requesting extending Mr. Kim’s Interim assignment in order to maintain continuity of services.

In accordance with El Segundo Municipal Code Section 1-6-13(c), no person shall be employed by the City under provisional appointment for more than six (6) months in any fiscal year. The Code further states the provisional appointment may be extended for not more than thirty (30) days with Council approval. Staff is requesting a thirty (30) day extension through October 21, 2016. It is the Police Department’s intent to request additional thirty (30) day extensions through the remainder of the fiscal year to comply with ESCC Section 1-6-13(c).
El Segundo, California
City Code

1-6-13: APPOINTMENT IN CLASSIFIED SERVICE:

C. Provisional Appointment: In the absence of appropriate employment lists, a
provisional appointment may be made of a person meeting the qualifications
established for the classification. Any employment list shall be established within six
(6) months, for any permanent position filled by provisional appointment. No person
shall be employed by the City under provisional appointment for a total of more than
six (6) months in any fiscal year except that the City Manager may, with approval of
the City Council, extend the period of any provisional appointment for not more than
thirty (30) days by any one action.
EL SEGUNDO CITY COUNCIL
AGENDA ITEM STATEMENT

MEETING DATE: September 20, 2016
AGENDA HEADING: Mayor Pro Tem Boyles
Councilmember Don Brann

AGENDA DESCRIPTION:

Consideration and possible action to request staff to investigate and provide possible solutions to alleviate maintenance and loitering concerns at Clutter’s Bluff Park located on Imperial Avenue. (Fiscal Impact: None)

RECOMMENDED COUNCIL ACTION:

1. Request staff to investigate and provide possible solutions to alleviate maintenance and loitering concerns at Clutter’s Bluff Park located on Imperial Avenue;
2. Alternatively, discuss and take other action related to this item.

ATTACHED SUPPORTING DOCUMENTS: None

FISCAL IMPACT: None

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<th>Amount Budgeted:</th>
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<tr>
<td>Account Number(s):</td>
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PREPARED BY: Meredith Petit, Recreation & Parks Director
REVIEWED BY: Meredith Petit, Recreation & Parks Director
APPROVED BY: Greg Carpenter, City Manager

BACKGROUND & DISCUSSION:

The City has received an increasing amount of complaints indicating concerns with visitors in the area of Clutter’s Bluff Park. Concerns include an abundance of trash including alcohol containers, the prevalence of rodents, graffiti incidents, and late-night loitering.

The City is responsible for maintaining the park and enforcing park rules and other laws. The Recreation and Parks Department and the Police Department should work together towards a solution that will help alleviate these concerns and ensure a clean and safe public space. I recommend that the two departments review the issues and recommend any necessary changes to the City Council at a later date.