City Council Agenda

Regular Meeting

Bell City Council

Wednesday, December 5, 2012

5:00 P.M. Closed Session
7:00 P.M. Regular Meeting

Bell Community Center
6250 Pine Avenue

Ali Saleh
Mayor

Violeta Alvarez
Mayor Pro-Tem

Danny Harber
Council Member

Ana Maria Quintana
Council Member

Nestor E. Valencia
Council Member

Welcome to the City Council Meeting

The Bell City Council and staff welcome you. This is your City Government. Individual participation is a basic part of American Democracy and all Bell residents are encouraged to attend meetings of the City Council. Regular City Council meetings are held the first and third Wednesday of the month at 7:00 p.m., Bell Community Center, 6250 Pine Avenue. For more information, you may call City Hall during regular business hours 8:00 a.m. to 4:00 p.m., Monday through Friday at (323) 588-6211 Extension 217.

City Council Organization

There are five City Council members, one of whom serves as Mayor and is the presiding officer of the City Council. These are your elected representatives who act as a Board of Directors for the City of Bell. City Council members are like you, concerned residents of the community who provide guidance in the operation of your City.

Addressing the City Council

If you wish to speak to the City Council on any item which is listed or not listed on the City Council Agenda, please complete a *Request to Speak Card* available in the back of the City Council Chambers. Please submit the completed card to the City Clerk prior to the meeting. The Mayor will call you to the microphone at the appropriate time if you have filled out a *Request to Speak Card*. At that time, please approach the podium, clearly state your name and address, and proceed to make your comments.

Compliance with Americans with Disabilities Act

The City of Bell, in complying with the Americans with Disabilities Act (ADA), request individuals who require special accommodation(s) to access, attend, and or participate in a City meeting due to disability. Please contact the City Clerk's Office, (323) 588-6211, Ext. 217, at least one business day prior to the scheduled meeting to insure that we may assist you.

Statement Regarding Compensation for Members of the Bell City Council

Compensation for the members of the Bell City Council is $673 a month. In accordance with Government Code Section 54952.3, Councilmembers will not receive any additional compensation or stipend for the convening of the following regular meetings: Successor Agency to the Bell Community Redevelopment Agency, the Bell Community Housing Authority, the Bell Public Finance Authority, the Bell Surplus Property Authority, the Bell Solid Waste Authority, and the Planning Commission.

CITY OF BELL, CALIFORNIA

REGULAR MEETING OF THE

Bell City Council/Bell Community Housing Authority/Successor Agency to the Bell Community Redevelopment Agency/ Bell Public Finance Authority

December 5, 2012

5:00 P.M. Closed Session
7:00 P.M. Regular Meeting

Bell Community Center
6250 Pine Avenue

Call to Order

Roll Call of the City Council in their capacities as Councilmembers/Members of all Related Agencies: Harber, Quintana, Valencia, Alvarez, and Saleh

Communications from the Public on Closed Session Items

This is the time for members of the public to address the City Council and related Authorities and Agencies only on items that are listed under Closed Session. Keep the public comment to items listed only on the Closed Session.

Closed Session

1. The City Council and the related Authorities and Agencies will recess to a closed session to confer with legal counsel regarding the following matters:

   a) CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Subdivision (a) of Section 54956.9) Name of Case: *Dexia Credit Local v. City of Bell, Bell Public Financing Authority*

   b) CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *Bell v. Best Best & Krieger; LASC BC466436*

   c) CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Subdivision (a) of Section 54956.9);Name of case: People v. Rizzo; LASC BC445497

   d) CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *Bell v. Avila*, LASC Case No. BC481531.

e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957.
Employee: City Manager

f) PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957.
Employee: Chief of Police

g) PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957.
Employee: City Attorney

h) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation (Government Code Section 54956.9(b)) (two (2) potential case)

Reconvene Regular Meeting

Pledge of Allegiance

City Attorney Report

The City Attorney will report out on any action(s) to be taken by the City Council/Agencies on Closed Session matters.

Presentation

2. Report on Status of Litigation: Conclusion of Fiscal Year 2011-2012. *(Council)*

3. Presentation to Bell High School Football Team.

Communications from the Public

This is the time members of the public may address the City Council, Bell Community Housing Authority the Successor Agency to the Bell Community Redevelopment Agency and the Planning Commission. The public may speak on items that are on the agenda and on non-agenda items that are under the subject matter jurisdiction of City Council and/or its related authorities and agencies.

Consent Calendar

The following Consent Calendar items are expected to be routine and non-controversial. They are acted upon by the City Council and related authorities at one time without discussion.

Recommendation: Approve item No. 3 and 4

4. Approval of General Warrants, Successor Agency to the Bell Community Redevelopment Agency Warrants and Community Housing Authority Warrants dated December 5, 2012. *(Council/Successor Agency to the Bell Community Redevelopment Agency /Bell Community Housing Authority)*

5. Approval of Minutes of the Regular Meeting of October 17, 2012. (*Council and Related Agencies)*

Public Hearing

The following items have been posted as a Public Hearing as required by law. The Mayor will open the meeting to receive public testimony only on the Public Hearing item.

6. Consideration of Ordinance No. 1191 (First Reading) Municipal Code Amendment Reducing the City's Plan Check and Building Permit Fees.

   Recommendation: Read by title only, waive further reading, and introduce Ordinance No. 1191 amending Section 15.04.030 regarding plan check and building permit fees; and place the ordinance on the next regular agenda for adoption.

   ORDINANCE NO. 1191 (FIRST READING): AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL AMENDING SECTION 15.04.030 OF THE BELL MUNICIPAL CODE REGARDING PLAN CHECK AND BUILDING PERMIT FEES.

7. Consideration of Ordinance No. 1190 (First Reading) Municipal Code Amendment Special Event Sales Permit and Temporary Advertising Devices.

   Recommendation: Read by title only, waive further reading, and introduce Ordinance No. 1190 adding Chapter 5.54 of the Bell Municipal Code regarding special event sales, grand openings and temporary advertising devices, and amending Section 5.56.020 through 5.56.070 regarding temporary use permits; and place the ordinance on the next regular agenda for adoption.

   ORDINANCE NO. 1190 (FIRST READING): AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL ADDING CHAPTER 5.54 TO TITLE 5, DIVISION 11 OF THE BELL MUNICIPAL CODE REGARDING SPECIAL EVENT SALES, GRAND OPENINGS AND TEMPORARY ADVERTISING DEVICES; AND AMENDING SECTION 5.56.020 THROUGH 5.56.070 REGARDING TEMPORARY USE PERMITS.

Business Calendar

8. Consideration of Resolution No. 2012-80 Approving a Subdivision Agreement for Offsite Improvements for Parcel Map 71920 Located on the North Side of Bandini Boulevard between Pennington Way and Yeager Way.

   Recommendation: Adopt Resolution No. 2012-80 approving a subdivision agreement for offsite improvements for Parcel Map 71920 between the City of Bell and First Industrial, L.P. and authorizing the City Manager to execute the agreement

   RESOLUTION NO. 2012-80: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL APPROVING A SUBDIVISION AGREEMENT FOR OFFSITE IMPROVEMENTS FOR PARCEL MAP 71920 AND AUTHORIZING THE CITY MANAGER TO SIGN THE SUBDIVISION AGREEMENT FOR PARCEL MAP 71920 ON BEHALF OF THE CITY OF BELL.

9. Consideration of Resolution No. 2012-81 Making the City of Bell a HEAL (Healthy Eating Active Living) City.

Recommendation: Adopt Resolution No. 2012-81 making the City of Bell a HEAL (Healthy Eating Active Living) City.

RESOLUTION NO. 2012-81: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL ADOPTING THE HEALTHY EATING ACTIVE LIVING (HEAL) CAMPAIGN.

10. Report on Fiscal Year 2009-2010 Annual Financial. *(Council)*

Recommendation: Receive and file.

11. Report on Fiscal Year 2009-2010 Single Audit of Federal Assistance. *(Council)*

Recommendation: Receive and file.

12. Report on Fiscal Year 2012-2013 Financial Status as of September 30, 2012. *(Council)*

Recommendation: Receive and file.

13. Report on Utility Users Tax Five-Year Forecast Reduction Scenarios. *(Council)*

Recommendation: Receive and file.

14. Consideration of Ordinance No. 1192 (1st Reading) Municipal Code Amendment An Ordinance of Amending Chapter 3.12 of the Bell Municipal Code Establishing a New Purchasing System.

Recommendation: Read by title only, waive further reading, and introduce Ordinance No. 1192 amending Chapter 3.12 of the Bell Municipal Code in its entirety and adding a new Chapter 3.12 entitled "Purchasing;" and place the Ordinance on the next regular City Council meeting agenda for adoption.

ORDINANCE NO. 1192 (FIRST READING): AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, AMENDING CHAPTER 3.12 OF THE BELL MUNICIPAL CODE ESTABLISHING A NEW PURCHASING SYSTEM.

15. Consideration of Urgency Ordinance No. 1189 Extending a Moratorium on Recycling Facilities in the City of Bell.

Recommendation: Adopt Ordinance No. 1189 extending a moratorium by one year on recycling facilities within the City of Bell.

INTERIM URGENCY ORDINANCE NO. 1189: AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, EXTENDING A MORATORIUM ADOPTED BY ORDINANCE NO. 1183 BY ONE YEAR, ON THE ACCEPTANCE, PROCESSING, ISSUANCE,OR APPROVAL OF ANY CONDITIONAL OR SPECIAL USE PERMITS OR ENTITLEMENTS FOR THE ESTABLISHMENT OF ANY TYPE OF RECYCLING FACILITY WITHIN THE CITY LIMITS PENDING THE COMPLETION OF STUDIES AND THE PREPARATION OF NEW AND UPDATED ORDINANCES REGULATING RECYCLING FACILITIES.

16. Consideration of Resolution Setting the Dates and Times of the City Council's Regular Meetings.

Recommendation: Adopt Resolution No. 2012-82.

A. Hold meetings the first and third Wednesdays of each month, closed session beginning at 5:00 PM and the regular meeting beginning at 7:00 PM.

RESOLUTION NO. 2012-82: A RESOLUTION OF THE CITY OF BELL SETTING THE DATES AND TIMES OF THE CITY COUNCIL'S REGULAR MEETINGS TO BE HELD ON THE FIRST AND THIRD WEDNESDAYS OF EACH CALENDAR MONTH.

Or

B. Hold meetings the second and fourth Wednesdays of each month, closed session beginning at 5:00 PM and the regular meeting beginning at 7:00 PM.

RESOLUTION NO. 2012-82: A RESOLUTION OF THE CITY OF BELL SETTING THE DATES AND TIMES OF THE CITY COUNCIL'S REGULAR MEETINGS TO BE HELD ON THE SECOND AND FOURTH WEDNESDAYS OF EACH CALENDAR MONTH.

17. Consideration of Budgetary Adjustments and Appropriations Establishing the FY 2012-2013 Pavement Rehabilitation Project in the Amount of $2,120,000.

Recommendations:

1) ***Establish the 2012-2013 Pavement Rehabilitation Project (PRP), authorizing appropriation from reserves of $700,000 from Proposition C Fund; appropriation from reserves of $231,000from Measure R Fund; and appropriation from reserves of $698,000 from Gas Tax Fund;***
2) ***Eliminate Chanslor Improvements, Weik Overlay and Vinevale Overlay as stand alone capital improvement projects and transfer all project funding to the 2012-2013 PRP; and***
3) ***Eliminate Brompton Ave. Overlay project from FY 2013 capital improvement program, authorizing re-programming of funding to the 2012-2013 PRP;***
4) ***Direct staff to re-budget Brompton Ave. Overlay project in FY 2013-2014.***

18. Consideration of Contract for Human Resource Consultant

Recommendation: Approve an agreement, not to exceed $25,000, to cover the cost of contract human resources consulting services.

19. Report on Community Oriented Policing Services (COPS)

Recommendation: Receive and file.

20. Report on City of Bell, Bell Successor Agency and Bell Surplus Property Authority Investment at September 30, 2012.

Recommendation: Receive and file.

21. Report on City of Bell, Bell Successor Agency and Bell Surplus Property Authority Investment Report at October 31, 2012

Recommendation: Receive and file.

22. Consideration of Appropriation from Sanitation Fund Reserves in the Amount of $970,000 and Authorizing Payment to Rehrig Pacific.

Recommendation: Appropriate $970,000 from Sanitation Fund reserves to the Fiscal Year 2012-2013 Budget and authorize payments in the same amount to Rehrig Pacific Company.

Mayor and City Council Communications

Pursuant to Assembly Bill 1234, this is the time and place to provide a brief report on Meetings, Seminars and Conferences attended by the Mayor and City Councilmembers

Adjournment

Next Regular Meeting

I, Rebecca Valdez, CMC, City Clerk of the City of Bell, certify that a true, accurate copy of the foregoing agenda was posted on November 30, 2012, at least seventy-two (72) hours prior to the meeting as required by law.

Rebecca Valdez, CMC
City Clerk

SPECIAL MEETING OF THE

BELL CITY COUNCIL AND RELATED AGENCIES

December 5, 2012

5:00 P.M. Closed Session
7:00 P.M. Regular Meeting

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Bell Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: David J. Aleshire, City Attorney

DATE: November 7, 2012

RE: Report on Status of Litigation: Conclusion of FY 2011-2012

I. INTRODUCTION

With the publication of an article in the Los Angeles Times on July 15, 201 concerning the excessive salary of Robert Rizzo, the Bell City Administrator, and a series of follow-up investigative articles resulting in a Pulitzer Prize for the newspaper, Bell embarked on an unprecedented exposure of municipal corruption.

Ultimately this led to (i) the indictment of eight current or former City officials (the "Bell 8") by the District Attorney; (ii) investigations of City matters and officials by a wide ranging number of agencies representing state and federal government including the SEC, IRS, State Controller and others, and (iii) extensive litigation initiated by former officials, alleged contractors, and actions by the City against its former advisors, including the City Attorney and the City's former audit firm.

All of this for a small 85-year old City (established in 1928) of 36,000 population, 10 miles from downtown Los Angeles.

On July 28, 2011, this firm commenced services as City Attorney. Since that time we have represented the City in 50 lawsuits, mediations and appeals and some 10 administrative proceedings.

As a frame of reference, we have represented Lawndale since 1978 and have not had that number of lawsuits in aggregate in those 34 years. Bell spent $2M in legal fees in the year before we were hired and $1.158M in our first year, for over $3M in legal fees in two years. Until a significant number of the above matters are resolved, this extraordinary level of expense is likely to continue.

Though through closed session reports the Council has been kept informed as to the progress of the litigation; but given the funds spent on litigation and the Council's commitment to transparency, the purpose of this report is to provide a public report on the status of the litigation related to the municipal corruption, to the extent we may do so without impairing the City's legal position or any settlement negotiations.

As a cautionary note, we have estimated legal fees on a go forward basis and have tried to be conservative in these estimates. Collectively it is obvious that if all matters proceeded to their extreme limit, the legal fees could be several million dollars. We believe that this will not be the

outcome, that matters will settle and the City will also recover funds against some of the wrong doers. For example, we have gotten vendor claims of some $300,000 wholly dismissed incurring some $70,000 in legal fees, and in Corcoran, a matter projected to cost the City $1.6M, the matter was settled with over $1M in savings. So while these projected legal costs may seem overwhelming, we believe the City will have the resources to see these matters through.

This report will cover the following matters:

1. Criminal Litigation vs The Bell 8
2. Robert Rizzo Matters
3. Angela Spaccia Matters
4. Randy Adams Matters
5. Eric Eggena Matter
6. Attorney General Lawsuit
7. Claims Against Supplemental Retirement Fund
8. Claims Against Accounting Firm Mayer Hoffman
9. Dexia Claim Against City
10. Claims Against City Attorney Best Best & Krieger and Ed Lee.
11. Claims Against former Bond Counsel Nixon Peabody
12. David Mango Claim Against City
13. Claims By Contract Vendors
14. Claims Against Tom Brown
15. Administrative Investigations By SEC, IRS and State Agencies
16. Western Auto Center (Werrlein) Matter
17. James Corcoran Claim Against City
18. Other Risk Management Cases
19. General Review Of City Attorney Expenses

II. BACKGROUND

A summary of the most significant events since the LA Times first broke the story would be the following:

1. The revelation that the City Manager, at an annual salary of over $700,000, was the highest paid public official in the State (actual amount of salary and benefits exceeded $1M in certain years);

2. The City Councilmembers were paid over $100,000 per year while council compensation for cities of that size is set at $4,800 per year per section 36516(a)(2) of the Government Code;

3. The Attorney General instituted a lawsuit alleging waste of public funds, negligence, fraud, conflict of interest and breach of fiduciary duty; and seeking restitution to the City for the excessive salaries and to block the payment of pensions based on the excessive salaries;

4. Three other management employees were also within the list of 25 highest-paid public officials in the state (Deputy CAO at $467,519; Administrative Services Director at $404,434; Chief of Police at $457,000);

5. The District Attorney brought criminal charges against 8 current and former Bell officials (the "Bell 8");

6. The City under Rizzo's administration established a City loan program for employees which provided some 43 loans for a total of $2.4M[1] which were repaid with accrued vacation and sick leave time, some of which was accrued at excessive rates and exceeded established caps;

7. Various city vendors were paid amounts, in some instances exceeding $1M, on "contracts" which in some cases were not written and which had never been authorized by the City Council.

8. The State Controller performed audits of various City functions and in a report issued January 18, 2011, found that the City's internal controls were "virtually nonexistent," resulting in illegally raised taxes, mismanaged bond funds, and questionable contracts and land purchases. In the case of the City's audit firm, Mayer Hoffman McCann, the audit cited 97 audit violations. An administrative proceeding was commenced before the Board of Accountancy. On May 15, 2012 the Board assessed a $300,000 fine and suspended the firm's California license for two years, though the firm was put on probation.

9. The City was sued for $35 million by Dexia because it had issued bonds in such amount secured by lease revenue from certain properties, where the lease was invalidated in a lawsuit defended by the City Attorney, BB&K. The City sued BB&K for malpractice for failing to disclose that the lawsuit had been filed before the bonds were issued.

10. The City entered into a transaction to purchase a 30,000 sq. ft. parcel to be combined with other City parcels (Western Auto Center Site), but the City was obligated to pay $6.8M for the property, well above actual current value or the City's resources to pay, and as a result, a foreclosure action was initiated.

11. The City entered a municipal services agreement with Maywood to provide various services, where Assistant Chief Administrative Officer Angela Spaccia became interim City Manager of Maywood and Ed Lee became City Attorney of both cities and negotiated the agreements on behalf of both cities, and now a former Maywood official, David Mango, has sued both cities seeking $1.9M, and his employment relationship with each city as documented by the conflicted City Attorney is ambiguous.

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[1] The most significant beneficiaries were Rizzo himself, Spaccia and Garcia who had over 40% of the total.

12. The City stopped paying pension benefits from a property tax-supported Supplemental Retirement Fund where it had an unfunded liability of $2,037,659 and, where it was determined that the enabling ordinance had never been properly adopted, and the City was then sued by the employees who participated in the Fund.

13. It was determined that certain property taxes were not being validly collected, and due to special legislation (SB 900), $2.9M was returned to taxpayers from the City's reserves.

14. Bonds issued in 2004 and 2007 for $50M to build a sports complex, parks, and other civic facilities would have required a 67% increase in property taxes to secure the debt and was beyond the resources of the taxpayers; and in July 2012 the bonds were tendered and redeemed from unused proceeds thereby eliminating approximately 50% of the 2007 bonds and avoiding a property tax rate increase.

The foregoing events have produced an array of legal issues for Bell, unprecedented for such a small city in our 30 years of practice in this field. We would like to turn to some of the most significant lawsuits or administrative proceedings resulting from the above, and give a summary of the nature and status of the matters.

III. ANALYSIS

1. Criminal Litigation Against The Bell 8

A pre-trial conference is scheduled on the Robert A. Rizzo ("Rizzo") and Pier'Angela Spaccia ("Spaccia") actions for October 30th, 2012. Their trials are expected to occur in the first half of next year. We do not know at this point what specific month next year the Rizzo and Spaccia trials will proceed forward. The Court could set a specific trial date in these cases on October 30th.

The Rizzo and Spaccia matters were delayed after Spaccia's attorney, Harland Braun, sought a writ from the Court of Appeal challenging the trial court's January 2012 denial of his motion to disqualify the entire Los Angeles County District Attorneys' Office after Steve Cooley recused himself from all matters concerning the prosecution of Randy Adams. After receiving briefing and hearing oral argument on this disqualification issue, the Court of Appeal denied Spaccia's writ on September 6, 2012 and ruled that the District Attorneys' Office can proceed forward with its prosecution of the Spaccia matter.

The Rizzo and Spaccia matters were combined by the District Attorney into one court case and thus, the delay of approximately eight months that occurred while Spaccia's writ was being considered by the Court of Appeal also delayed the criminal trial of Robert Rizzo.

The successful prosecution of each of these matters could result in an award of restitution against Rizzo, Spaccia and the former mayor and City Council. We have aggressively sought restitution for the City in each of these cases. We have cooperated fully with the District Attorneys' Office and responded to its requests for additional information supporting the City's claims for restitution. The City's claims for restitution continue to be calculated from numerous

sources, including from ongoing City audits, and these claims could exceed $5 - 10 million from Rizzo, Spaccia and the former mayor and City Council members.

Legal Fees: Though this is a criminal matter involving limited participation by our office, we have had to assist the DA in a number of ways, and we anticipate further costs of $50,000.

2. Robert Rizzo Matters

A. Lawsuit Against City.

On October 31, 2011, Robert Rizzo filed his Complaint against the City alleging breach of his employment contract and seeking unpaid wages and benefits. In his Complaint, Rizzo asserts the City breached his employment contract by terminating him without providing him with thirty days' written notice. The City has filed a cross-complaint against Rizzo for its losses caused by his misconduct. That cross-complaint is one of three pending lawsuits the City has filed against Rizzo (including cross-complaints in the Attorney General and ICMA matters).

The primary issue in this lawsuit is the interpretation of the termination clause in Rizzo's contract, which Rizzo alleges required that he first be convicted of a felony or a crime involving moral turpitude before he could be terminated without the City being obligated to pay him severance. No trial date has been set in this matter.

The amount of the severance payment sought by Rizzo is approximately $1.5M. Consistent with standard practices for all risk management matters, we have presented Rizzo's claims to the City's excess liability insurance carrier. The City's excess liability insurance carrier has determined that there is the potential for excess liability insurance coverage for the matters alleged by Rizzo against the City in this lawsuit.

Our arguments in this matter have focused on Rizzo's misconduct being a material breach of his contract and a breach of the covenant of good faith and fair dealing, as well as False Claims Act violations against Rizzo. Specifically, as alleged in this case, we are presenting evidence to the Court to support our allegations against Rizzo that he misappropriated millions of dollars in City funds and made false claims for compensation and benefits by presenting claims for compensation to payroll staff that were not approved by the former City Council as required by the City Charter. We are seeking a recovery against Rizzo for damages in excess of $5 million.

Legal Fees: We anticipate that this matter will proceed to trial after the criminal case against Rizzo is decided. The anticipated legal fees and defense costs for this matter are estimated at between $150,000 and $250,000. We continue to aggressively litigate this case in Superior Court.

B. ICMA Retirement Corporation.

This lawsuit was filed on March 28, 2012 in United States District Court by Robert Rizzo against ICMA Retirement Corporation, the entity that managed some of Rizzo's retirement funds, for release of his 401(a) and 457 retirement funds. ICMA filed a cross-complaint joined

the City in the lawsuit. The City has answered the lawsuit and filed a counterclaim against Rizzo, requesting that the Court release back to the City the retirement funds in Rizzo's accounts that the City alleges are stolen city funds.

Specifically, the State Controller previously found that approximately $95,000 was illegally deposited into Rizzo's ICMA retirement accounts. There are additional amounts that the City is contending in the lawsuit were illegally deposited into Rizzo's retirement accounts that will be proven by way of expert testimony at trial. The total balance in Rizzo's ICMA retirement accounts is approximately $1.2 million.

On August 28, 2012, the City prevailed on a motion to dismiss filed by Rizzo, which contested the City's ability to recover funds from Rizzo's retirement accounts that the City alleges in this lawsuit were stolen from the City. Trial has been set for March 12, 2013.

Legal Fees: The estimated legal fees and costs in this matter are between $85,000 and $125,000. We believe the City could recover in excess of $100,000 in excess retirement fund paid on the excess compensation.

C. CalPERS.

Mr. Rizzo has appealed the California Public Employee Retirement System's ("CalPERS) determination of his retirement benefits based on his tenure at Bell. Mr. Rizzo is asking that his retirement be based on a final compensation of over $58,000/month or $700,000 per year, while CalPERS determined the appropriate amount to be $7,100/month or $85,000 per year. Considering the existing funded CalPERS liability, if Rizzo prevailed in his claim, it would cost the City an additional $4.4M in unfunded liability over Rizzo's projected life span. Because retirement benefits are, in large part, paid by the employer, the City has a strong interest in aggressively participating in the CalPERS proceedings. The hearing on Mr. Rizzo's appeal is set for February, 2013.

Legal Fees: Due to the potential liability resulting from an adverse judicial decision, we suggest continuing an aggressive approach to settlement and, if necessary, defense of the City at hearing. We estimate approximately $60,000 in legal fees and costs to pursue this strategy from now through the February 2013 hearing on the appeal.

3. Angela Spaccia Matters

A. Indemnity Lawsuit.

On November 2, 2011, Angela Spaccia filed a lawsuit against the City for alleged unpaid wages, benefits based on Spaccia's excessive compensation and for indemnification and defense costs for AG and DA cases. Trial is set in this case for March 13, 2013.

The amount sought by Spaccia in the lawsuit is $800,000. There is potential excess liability insurance coverage for the claims made by Spaccia against the City.

Legal Fees: The City's estimated legal fees and costs for this matter are between $150,000 to $250,000.

B. CalPERS.

Spaccia is appealing CalPERS' decision to give her virtually no credit towards retirement for the compensation she received in Bell from 2003 to 2010. She contends that her final compensation at Bell should be between $21,000 and $38,000/month (the higher figure computed at $456,000 annually), and it should be used in calculating her retirement benefit. Although CalPERS is currently assigning Spaccia a final compensation at Bell of $0, CalPERS is awarding her credit for her service time. Thus, the City will have an obligation for a portion of Spaccia's retirement benefits. (For purposes of retirement benefits, CalPERS is using Spaccia's final compensation at the City of Ventura). This translates into a $21,912/year liability for Bell for the rest of Spaccia's life, most, if not all of which, is currently funded. If Spaccia wins her appeal in full and final compensation at Bell is set at $38,000/month (a possible but unlikely scenario), Bell would incur an additional $1,670,371 in currently unfunded liability over the course of Spaccia's life. Spaccia's hearing was held in August, 2012 but there will be an additional day of expert testimony in December 2012 before the hearing closes. We anticipate the judge's decision on such matter in January or February 2013.

Legal Fees: Because most of the work on this matter has been completed, we anticipate approximately $10,000 in legal fees and costs to defend the City in this matter through January, 2013.

4. Randy Adams Matters

A. Indemnity Lawsuit.

On October 3, 2011, Randy G. Adams ("Adams") filed a lawsuit against the City for indemnification and payment of his defense costs in the Attorney General case. Adams has submitted legal bills for payment in the amount of $500,000.

The City contests Rizzo's authority to unilaterally bind the City to Adam's employment contract without City Council approval, since such contracts required Council approval, which never occurred.

No trial date has been set.

Legal Fees: We anticipate legal fees and costs in this matter to be $80,000 - $100,000.

B. Employment Lawsuit.

On July 30, 2012, Randy Adams filed a lawsuit against the City and former interim Chief Administrative Officer ("CAO") Pedro Carrillo ("Carrillo") alleging breach of contract against the City and defamation against Carillo. With this lawsuit, Adams is seeking unpaid wages, benefits, severance pay, attorney's fees and punitive damages, which Adams claims he is owed under his employment contract based on the City's failure to provide him with thirty days' written notice of his termination.

The primary issues in this case are (i) whether former CAO Rizzo had the actual or apparent authority to unilaterally hire Adams as the City's Chief of Police; (ii) whether Adams

was ever an employee of the City, since the former City Council never authorized nor approved his employment, in violation of the City Charter; (iii) whether Rizzo had the actual or apparent authority to unilaterally enter into and bind the City to an employment agreement with Adams, in violation of the City Charter; and (iv) whether Adams' employment agreement was valid and enforceable, since it was never approved by the City Council, also in violation of the City Charter.

The City responded to Adams' Complaint by filing an answer and cross-complaint against him, alleging violation of the false claims act and seeking equitable indemnification for the Corcoran losses and all other litigation resulting from Adams' wrongful acts; contribution and declaratory relief, including disgorgement of all monies paid to him.

No trial date has been set.

With his lawsuit, Adams seeks approximately $512,662.50 in unpaid wages, and unpaid vacation and sick leave benefits, and other fringe benefits.

Legal Fees: The City's estimated legal fees and costs for this matter are between $150,000 and $250,000.

C. CalPERS.

Mr. Adams is appealing CalPERS decision to award him no credit for the year that he served as Chief of Police of Bell because Mr. Adams did not have a valid contract at the time. Mr. Adams contends that his contract was valid and that he should receive retirement benefits based on a final compensation at Bell of $457,000/ year. CalPERS and the City contend that Mr. Adams should receive $0 as his final compensation at Bell and that his retirement benefits should be based on his final compensation at his previous employer, City of Glendale ($20,015/month). Mr. Adams' hearing was in September, 2012, and Mr. Adams did not testify on his own behalf, choosing to assert his Fifth Amendment privilege to not incriminate himself as to potential criminal liability. In October, 2012 the administrative law judge issued his proposed decision affirming CalPERS and the City's position.

Hearing before the full CalPERS Board is set for December 12, 2012, and the Board may accept, reject, modify, or remand the judge's proposed decision. We anticipate that Mr. Adams will request that the CalPERS Board not accept the proposed decision. If the proposed decision becomes the final decision, there would be a $7,127/year liability for Bell for the rest of Adams' life, most if not all of which is currently funded. On the other hand, if Adams successfully appeals the administrative law judge's decision and his final compensation is set at $38,083/month, Bell would incur an additional $84,579 in currently unfunded liability over the course of Adams' life.

If Mr. Adams does not challenge the proposed decision, we anticipate little or no additional legal expense for this matter; however, if the proposed decision is challenged, any additional legal expense would depend on the scope of such challenge. Because the Adams CalPERS hearing was the first one to be completed, it was important to be aggressive in defending the City in order to set favorable precedent for subsequent CalPERS hearings

involving the same legal issues even though the potential liability exposure was relatively small compared to Rizzo's and Spaccia's.

5. Eric Eggena Matter

On June 29, 2012, Eric Eggena filed a lawsuit against the City and City Council alleging breach of contract and seeking unpaid wages, vacation and sick leave benefits, severance pay, health coverage benefits, attorney's fees, punitive damages and declaratory relief, which Eggena claims he is owed under his employment contract.

The City responded to Eggena's verified Complaint by filing an answer and cross-complaint against him, alleging violation of the false claims act and seeking declaratory relief, including disgorgement of all monies paid to him under his fraudulent addenda to his employment agreement.

With his lawsuit, Eggena seeks approximately $837,156.64 in unpaid wages and benefits, plus punitive damages and attorney's fees. There is potential excess liability insurance coverage for Eggena's claims against the City.

Legal Fees: The City's estimated legal fees and costs for this matter are between $50,000 and $100,000. We continue to aggressively litigate this case in Superior Court. The case is currently in the discovery phase.

6. Attorney General Lawsuit

There are three separate matters within this lawsuit that impact the City. Specifically, the City was sued directly by the Attorney General ("AG") on September 15, 2010. In response to the lawsuit, Rizzo filed a cross-complaint against the City seeking payment of his legal fees and defense costs in the matter. The City responded by filing a cross-complaint against Rizzo for damages based on his misconduct against the City.

The AG lost its lawsuit on a demurrer. That matter is currently on appeal. The AG has filed its opening brief and the majority of other defendants, including the City, have filed respondent's briefs.

The prior City Attorney opposed the AG's action. The City has now taken a position in support of the AG against the Bell 8. Moreover, the City has offered a detailed analysis of how the city charter was violated by the Bell 8 and additional new legal theories under the False Claims against that would allow the case to proceed against the Bell 8.

A trial on the limited issue of Rizzo's claims for the payment of his legal fees and defense costs is set for April 17, 2013.

The exposure to the City in this matter is for over $2 million. The City's excess liability insurance coverage has been denied for this matter.

Legal Fees: The legal fees and defense costs for this case are estimated to be from $500,000 to $1M (including prior legal fees from Meyers Nave of approximately $300,000).

7. Claims Against Supplemental Retirement Plan

The City is seeking to terminate excessive benefits plans authorized under the previous administration of the City. One of these plans is a Supplemental Retirement Plan for miscellaneous employees giving such employees an additional 2% at 55 pension benefit, funded entirely by the City. Five retired employees of the City have sued the City claiming they are entitled to benefits under the Supplemental Retirement Plan. While only five retirees have filed suit, in order to completely terminate the Supplemental Retirement Plan, the City must address the rights of all persons who are currently or potential future recipients of benefits under the Plan. The City has filed a lawsuit seeking a declaration from the court that the entire Plan is invalid due to the failure to adopt a valid ordinance.

The City's exposure in this matter is potential continuing liability for contributions to the Supplemental Retirement Plan, which is believed to be underfunded at present. Estimates provided by Wells Fargo Bank, the investment manager for the Plan, indicate the Plan may be underfunded by as much as $3 million. Additionally, Wells Fargo who is represented by Baker McKenzie, has told us they will seek recovery of legal fees they have incurred costing $488,795 ($150,000 legal fees they claim are from DA and AG cases; the attorney rates are $700 - $500 per hour).

As a charter city, Bell has the authority to provide for a retirement plan in its charter. Alternatively, the City could have adopted the plan by adoption of an ordinance by the majority vote of the City Council or the electorate, with the approval of a majority of the employees benefitted by the Plan. The City Charter provides for only one retirement plan, consisting of the City's participating in the State-sponsored Public Employees Retirement System. Further, the Supplemental Retirement Plan was adopted by a simple minute action on the consent calendar portion of a City Council agenda. Because the Plan was not adopted in the manner required by law, our position is that the entire plan is invalid.

Legal Fees: Litigation expenses in this matter are estimate to be in the range of $150,000 to $200,000, but the Wells Fargo claims may be 3 times this amount.

8. Claims Against Accounting Firm Mayer Hoffman

Mayer Hoffman McCann, P.C. ("Mayer Hoffman") was the auditor for the City of Bell from 1994 to 2010. The State Controller's December 2010 audit of Mayer Hoffman's audits of 2009-2010 found 97 audit violations. Mayer Hoffman failed to detect and report the former corrupt practices in the City by Rizzo, Spaccia and others.

On May 14, 1012, the California Attorney General filed an Accusation against Mayer Hoffman, and only a day later a stipulated settlement (the "Stipulation") without any advanced notice to the City.

Pursuant to the Stipulation, Mayer Hoffman was ordered to pay an administrative penalty in the amount of $300,000 to the State, plus investigation costs up to $50,000, and is on probation for two years, but the City will not receive any of funds as restitution. Moreover, nothing in the Stipulation, per the terms and conditions negotiated between the AG and Mayer Hoffman, can be used in any action by Bell against Mayer Hoffman.

We currently have a tolling agreement with Mayer Hoffman which provides that the City has until December 20, 2012 to initiate litigation against them.

The City's potential recovery in such a lawsuit against Mayer Hoffman depends on many factors that are learned in the course of discovery during litigation and expert analysis. A rough estimate of the potential recovery in this matter is that it could exceed $2.5 million based on the City's losses that the City will allege were caused by Mayer Hoffman.

Legal Fees: Accounting malpractice lawsuits are extremely document and labor intensive and require extensive analysis by an audit practices expert. Along those lines, a lawsuit against Mayer Hoffman is expected to cost the City between $750,000 to $1 million in legal fees and expert costs.

9. Dexia Claim Against City

The City and the Bell Public Finance Authority (the "Authority") were sued by Dexia on October 14, 2011 for judicial foreclosure and for a deficiency judgment concerning a $35 million bond transaction. Trial in this matter is set for March 18, 2013.

The Authority defaulted on the subject transaction after its former City Attorney, the law firm of Best Best & Krieger ("BBK"), failed to ensure that Bell met its legal obligations under the California Environmental Quality Act ("CEQA") for the development project that was being used to fund the payments to Dexia. Two properties owned by Bell were used as security for this transaction.

Additionally, on October 31, 2007, BBK issued an opinion, as City Attorney, for the subject transaction, including that "after due inquiry" there was no litigation pending or threatened impacting the bond transaction which would effect the transaction documents.

In fact, on October 26, 2007, a lawsuit was filed by Petitioner, East Yard Communities for Environmental Justice ("Petitioner") against the City and the Authority (the "CEQA Lawsuit"). A notice of intent to file that CEQA lawsuit was e-mailed by the attorney for Petitioner to BBK on October 25, 2007. Nevertheless, this notice was not disclosed by BBK to Dexia in the October 31, 2007 disclosure letter, as described above.

Subsequently, in deciding the CEQA Lawsuit, the Court, in a scathing opinion, found that the Project was subject to CEQA and that the arguments made by BBK were nothing more than "a red herring". The Court's judgment invalidated the lease revenue stream from which Dexia was to be paid under the Agreement.

As a result of the judgment in the CEQA Lawsuit, the lease to BNSF failed. Bell was unable to make the lease payments to Dexia and the Authority failed to make payments on the Bonds. On May 1, 2010, Bell sent a letter to Dexia, stating that it had no funds to appropriate toward the payment.

Bell has filed a separate lawsuit against BBK for malpractice, including for the above-referenced claims, as discussed below.

Bell has also asserted defenses to Dexia's lawsuit including under the Constitutional Debt Limitation (which required that the bond transaction be approved by the voters if Bell was subject to a deficiency judgment for this amount) and Dexia's failure to file a timely government claim.

Dexia is suing Bell for $35 million, minus the value of the subject parcels that were used as security for the bond transaction, and attorneys' fees, interest payments and costs (likely $13 - $15 million). Excess liability insurance coverage has been denied for this matter.

Legal Fees: Legal fees and defense costs for this matter are estimated at $350,000 to $500,000.

10. Claims Against City Attorney BB&K and Ed Lee

The City filed a malpractice lawsuit against BBK and Ed Lee on July 28, 2011. This lawsuit includes the (i) Dexia claim and (ii) "asleep at the switch" claims for misconduct of Bell 8 that occurred while BBK was City Attorney.

Our law firm took over the handling of this matter from the City's prior malpractice counsel, William Stoner, in May 2012. At that time, BBK had a pending demurrer challenging the sufficiency of the City's complaint. We responded by filing a 54 page complaint with 300 paragraphs of allegations (the prior complaint we inherited was 26 pages and had 116 paragraphs).

The claims against BBK related to the Dexia matter were discussed above in Section 9. In addition, in terms of the "asleep at the switch" claims, we have alleged the following: (i) BBK failed to assure that the contracts providing excessive employee compensation were awarded through required procedures, (ii) had conflicts of interest representing Maywood and Bell in the Mango transaction discussed below, (iii) failed to ensure that all bonds, taxes, grants and other obligations were properly approved and (iv) failed to indemnify and defend the city in litigation filed by the Bell 8 and others that arises from BBK's alleged negligence.

We are currently in the discovery phase of this case. The trial in this matter is scheduled for March 18, 2013. We conducted two extensive mediations with BBK in an effort to settle the matter without a trial which have not been successful.

Legal Fees: The legal fees and costs estimated to prosecute this matter are between $350,000 and $600,000.

11. Claims Against Former Bond Counsel Nixon Peabody

On October 11, 2012, Bell sued Nixon Peabody LLP ("Nixon") and its former attorney, Edsell Martindale Eady (collectively, "Defendants"), for numerous causes of action arising from Defendants' alleged liability to Bell for the $35 million Dexia bond transaction that was not submitted to the voters of Bell for approval as required by the California Constitution and the City Charter and for alleged excessive billing practices under the False Claims Act. Bell has also included Defendants as related parties in the BBK malpractice lawsuit.

During the scandal in Bell, this lawsuit alleges that Defendants assisted Rizzo in incurring over $100 million in new debt for Bell between 2003 and 2008, including obligations (such as the $35 million Dexia transaction) that were not taken to a vote of the citizens of Bell. The Securities & Exchange Commission ("SEC") is currently investigating the borrowing practices of the City during the time when the City was represented by Defendants in these bond transactions.

Bell has further alleged in this lawsuit that Defendants received excessive compensation from the City for legal services. Specifically, Nixon charged Bell for services at rates up to $615 per hour for partners. Eady's hourly billing rate at Nixon for Bell matters included the rate of $545 per hour from at least 2006 to 2008. Nixon charged $265 per hour for legal assistants and also billed Bell for attorney meals at their San Francisco office. These billing rates were not authorized by the former city council and instead were purportedly authorized by Rizzo counter to the Bell City Charter, which requires approval by the city council of these charges.

By way of comparison, Bell alleges in its lawsuit that these billing rates charged to Bell by Defendants substantially exceeded the typical amounts Nixon charged other public agency clients, including those of much greater size and financial resources than Bell. For example, by comparison in 2010, Nixon charged other public agencies, including the Los Angeles World Airports, $345 to $395 per hour for partners and $285 per hour for non-partners (which was the position that Eady held during this time at Nixon when he charged up to $545 per hour to Bell, nearly double the rate charged by Nixon to other, much larger, public agency clients for non-partners).

No trial date has been set in this lawsuit at this time. Trial in this matter is expected to occur by the end of next year.

Legal Fees: The legal fees and costs estimated in this matter are $300,000 - $500,000.

12. David Mango Claim Against City

David Mango filed a lawsuit against the City, Maywood, and certain employees and officers of Maywood for wrongful termination and breach of an employment contract. Mango's Second Amended Complaint set forth the following four claims against the City: (i) Breach of Contract, (ii) Breach of Oral Contract, (iii) Violation of California Labor Code Section 1102.5 "Whistle Blower Statute" and (iv) Failure to Pay Minimum Wage. The City answered the Complaint in November 2011, and submitted a Motion for Summary Judgment on May 14, 2012 which was denied.

David Mango, a 20 year Maywood employee who served as Director of Building and Planning and was laid off by the City of Maywood on July 1, 20120 and was then hired by the City of Bell. Mango alleges that in July of 2010, Angela Spaccia, Maywood's "Interim" City Manager, informed him that Robert Rizzo approved his employment contract with the City. Mango continued to provide services to Maywood until Lillian Myers, Maywood's current City Manager, terminated him on August 27, 2010. Mango was not paid for work and services performed between July 1, 2010 and August 27, 2010. During such time he should have been paid $20,609 per his contract.

Mango alleges that he suffered damages in the form of lost wages, benefits and other out of pocket expenses in an amount exceeding $95,000 as well as suffered mental and emotion pain, distress and discomfort as a result of the alleged retaliation, all to his detriment and damages in an amount not fully ascertained.

At a June 21, 2012 settlement conference, Mango's global demand was $1.9 million as to both Maywood and the City. Maywood's counsel represented that they would offer $35,000 as a settlement. An unfavorable verdict in this case could be approximately $500,000.

Mango claims that the City and Maywood were joint employers such that they are both liable for failing to pay minimum wage as required under California Labor Code Section 1194. When considering whether the City and Maywood were joint employers, a court will consider three alternative definition of employment: (i) exercised control over the wages hours or working conditions, (ii) to suffer to permit to work, or, (iii) to engage, thereby creating a common law employment relationship

Ms. Spaccia told Mango that the employment agreement would be settled through Ed Lee. Ed Lee and his firm BB&K served as City Attorney for both Maywood and Bell. Section 1125 of the Government Code prohibits incompatibility of office while Section 1090 of the Government Code prevents participation in the making of a contract by a public official in which they have a financial interest.

The City has a Special Excess Liability Policy ("Policy") with the Insurance Company of Pennsylvania ("ICP") that covered July 1, 2010 to July 1, 2011. The self-insured retention ("SIR") for the Policy is $500,000. The Policy provides coverage for employment practice liability and for insured contracts. ICP has confirmed that the Policy covers this matter upon a trigger of the SIR.

Legal Fees: The projected cost through trial in this matter is $100,000.

13. Claims by Contract Vendors

D&J Engineering, which formerly provided city planning services and building and safety services for Bell, sued the City in August 2011 alleging breach of contract and asserting claims for quantum meruit and account stated. The complaint sought damages in the amount of $201,822.63 for the alleged non-payment of invoices totaling that amount from August through November 2010. D&J Engineering did not have a valid contract with the City. D&J's lawsuit was dismissed by the Court without leave to amend following a hearing on the City's demurrer.

Also in August 2011, Richard Fisher Associates, a landscape architecture firm formerly used by Bell, sued the City for breach of contract, quantum meruit, and unjust enrichment and sought damages in the amount of $84,553.76 for services performed in August 2010, and the City took the position that it owed Richard Fisher Associates nothing because it lacked a valid contract with the City. The City presented Fisher with the ruling in the D&J Engineering case, and after first trying to obtain a release from the City, the Plaintiff dismissed its lawsuit against Bell on July 20, 2012.

The City is currently evaluating legal options in order to recover against these and other former vendors who may have collected money from Bell without valid written contracts. Several other contractors received fees exceeding $1 million where there is no contractual documentation. In addition, part of the claims against the City discussed in Section 15 are a result of not having valid written contracts.

14. Claims Against Tom Brown

Tom Brown was an attorney who handled various matters for Bell from 2006 to 2010. The City has a tolling agreement with Tom Brown that extends the deadline for the parties to file claims against each other until February 1, 2013.

Tom Brown has a claim of approximately $300,000 against Bell for unpaid legal fees. The City has claims against Tom Brown that include his handling of various matters for the City without authorization by the former City Council as well as for alleged excessive billing for unauthorized charges.

Tom Brown has cooperated during the ongoing investigations by the authorities and criminal prosecution cases against the Bell 8. The City's claims against him continue to be evaluated.

15. Administrative Investigations by SEC, IRS and State Agencies

A. IRS Audit.

In March 2011, the Internal Revenue Service ("IRS") commenced audits of $15,000,000 of the City's General Obligation Bonds (Election of 2003), Series 2004 (the "2004 Bonds") and the $35,000,0000 of the City's General Obligation Bonds (Election of 2003), Series 2007 (the "2007 Bonds" and, together with the 2004 Bonds, the "GO Bonds"). The audit centers on the fact that the GO Bonds were issued as tax-exempt obligations under the Internal Revenue Code ("IRC"). The audit is a fact finding process to determine compliance with the IRC.

The IRS has notified the City that it has closed the audit of the 2004 Bonds with no change in the tax-exempt status of the 2004 Bonds.

The 2007 Bonds are still in the audit process. The City and its agents are cooperating with the Internal Revenue Service in connection with the audit of the 2007 Bonds. The City cannot predict the outcome of the examination. If the Internal Revenue Service issues an adverse determination with respect to the bonds, interest on the bonds could be deemed to be includable in the gross income of the Owners of the bonds. Such treatment could apply retroactively to the date of issuance of the bonds, and require the City to refinance outstanding bonds on a taxable basis or leave the Owners to pay the interest. The City has taken certain corrective action by repurchasing and advance redeeming almost half of the Bonds with unused proceeds of the bonds, leaving approximately $17.8 million of $35 million outstanding. The City Council took this action to reduce the burden to taxpayers and because it could not afford to operate the projects yet to be funded. If the bonds are declared taxable, and the City wants to avoid taxing the bondholders, the City could refinance the bonds on a taxable basis if such option is available (which would likely result in a higher tax payment by property owners) and pay 29% of the

interest paid on the bonds to date or over the last few years (approximately $1.5 to $2 million). Alternatively, the City could chose to pay additional penalties instead of refinancing the 2007 Bonds.

The IRS investigation is an administrative process and the City will be able to challenge the results.

B. SEC Investigation.

The United States Securities and Exchange Commission has commenced a private investigation into various bonds or obligations issued by the City, the Bell Public Financing Authority, the Bell Community Redevelopment Agency and the Bell Community Housing Authority. The Formal Order of Investigation, which is the document that initiates the investigation, states that the SEC is looking into practices at the City which tend to show possible violations of the Securities Laws from 2004 to present in connection with the issuance and sale of City's bonds. These practices may indicate that the City, its officers, officials, employees, and others involved in the sale of bonds defrauded investors. The SEC is also concerned about material misstatements and omissions in the offering documents concerning (i) the use of bond proceeds, (ii) the revenue and/or taxes pledged to repay bonds, and (iii) the financial health of the City of Bell. The investigation is a fact finding process to determine if the SEC wants to move forward with charges.

The City cannot predict the outcome of this investigation involving the City. The SEC has not provided much information to the City about the investigation. As has been evident by the State of California Controller's report, the default by the City on the bonds sold to Dexia Credit Local ("Dexia"), the refund by the City of the pension taxes and the fact that the City did not levy enough taxes to pay for its general obligation bonds, the SEC may be concerned that certain of these practices and others by the corrupt officials have defrauded investors.

The City has undertaken lawsuits against its former City Attorney, Best Best & Krieger, and Nixon Peabody, LLP, its former Bond Counsel, in connection with the bonds sold to Dexia and other issues. Depending on the results of the SEC investigation and IRS audits, the City may have the ability to pursue additional claims against the attorneys.

The SEC investigation is an administrative investigation and no charges have been brought against the City to date. If charges are brought, it will be following the investigation. The City hopes to work cooperatively with the SEC to resolve the investigation.

Legal Fees: The estimated legal fees in connection with the IRS and SEC matters are $100,000 to $150,000. The monetary cost of adverse determinations are not easy to predict but could be millions. We are working diligently to avoid such results.

C. State Actions by Department of Corporations and Parks and Recreation Grants.

When we commenced services, the Department of Corporations was investigating various matters as a result of the State Controller Audit. We provided extensive documents

pursuant to their requests. At this time, the Department of Corporations has not charged the City with any violations of any laws and the City does not expect it to do so.

The City applied for and was awarded several grants from the State Department of Parks and Recreation (the "Department"), totaling over $3,500,000, for various improvement projects at the Bell Community Health & Wellness Center, Veterans Memorial Park, Little Bear Park, and Ernest Debs Park. Of the $3,500,000 in grant awards, the City requested and received $481,176 as reimbursements from the Department as of October 2011.

In early 2011, as a result of the State Controller's Audit in September 2010, the Department conducted an audit of the grants it awarded to the City. The April 22, 2011 Audit Report found that $481,176 in grants reimbursed to the City are ineligible, due to alleged violations of the grant agreements. The alleged violations include Government Code Section 1090 conflicts of interest, failure to obtain City Council approval of contracts as required by the Charter and failure to follow the bidding process as required by the Charter. As a result, the Department is requiring that the City return the full reimbursed amount.

The City has thus far only paid $180,000. Based on the City Attorney's advice that the City may be eligible for forgiveness of the reimbursement funds, the City applied for forgiveness of the remaining $300,000. The City's Community Services Director, Ms. Pam Wasserman has been instrumental in ensuring review of the City's application. We expect a response soon.

16. Western Auto Center (Werrlein) Matter

On August 26, 2011, the City and the former redevelopment agency filed this lawsuit for declaratory relief, a gift of public funds, and injunctive relief to preclude and/or postpone the foreclosure and sale of the subject property, commonly known as the Western Auto Center. This property is located at 6415 Atlantic Avenue (the "Property") that was purchased on May 21, 2009 by the Agency from the defendant Werrlein trust, subject to a deed of trust, for $4.6 million. Trial in this matter is now scheduled for August 19, 2013.

The validity of this transaction was previously questioned by the California State Controller's Office in a report dated September 22, 2010. The validity of this transaction is also at issue in this lawsuit.

After filing this lawsuit, we were successful in obtaining a temporary restraining order and preliminary injunction to prevent the sale or transfer of the property from occurring pending the outcome of this lawsuit. The Court found in ruling in the City's favor in those motions that the City has shown a probability of prevailing in this lawsuit.

Legal Fees: The legal fees and costs anticipated for this matter are $125,000 to $180,000.

This matter is impacted by the elimination of redevelopment through ABX1 26 ("AB 26") that was upheld by the California Supreme Court's December 29, 2011 ruling in *California Redevelopment Association, et al. v. Matosantos, et al.*, Case No. S194861, which dissolved all redevelopment agencies as of February 1, 2012.

The California State Department of Finance ("DOF") is now vested with the authority to make the determination of which of the obligations of former redevelopment agencies throughout the State of California are enforceable.

The DOF has not approved any payments for the subject deed of trust for the Property and a final determination by DOF concerning this matter is necessary, and exhaustion of all applicable administrative remedies, before this case can proceed to trial.

On or about June 27, 2012, AB 1484 was enacted which, in pertinent part, has suspended the "fire sale" of redevelopment property and enables communities to retain properties for redevelopment-related purposes after cash balances are recovered and settled as approved by the oversight board. The parties are currently following this process and exploring alternatives for the sale and development of the Property.

17. James Corcoran Claim Against City

This was a wrongful termination and retaliation case filed by James Corcoran, an 18-year Bell Police Sergeant with probable liability against the City. Plaintiff alleged that the City's Chief of Police at the time, Randy Adams, was initiating a personnel action against Sgt. Corcoran due to whistle blowing activities by the Sergeant, who resigned before he could be fired. Plaintiff filed a lawsuit against the City, Maywood, and certain employees and officers seeking an undisclosed amount in damages. As evaluated by a former U.S. District Court Judge in mediation, a settlement of $1.6M was recommended. By urging that management consider reinstatement, and then negotiating a settlement to cover lost wages and benefits and attorneys fees, the case settled for $474,000 with reinstatement, saving the City in excess of $1M.

18. Other Risk Management Cases

A. Risk Management Cases Resolved.

Besides the major cases discussed above, the City faced another dozen cases or claims when we became City Attorney. In the last year, we have resolved 2/3 of the case load we assumed when we took over. Resolved cases are *Granite States Insurance Company vs. City of Bell; Ismael Rivera v. Albert Neesan, The Redevelopment Agency of the City of Bell, et al., Molinari, Cynthia Anderson-Baker vs. City of Bell; Olivia Camargo vs. City of Bell;* and *Bian Gormley vs. City of Bell.* These cases arose from a number of causes ranging from trip and falls, to water damage to property, to improper entry on property, to vehicle damage, to handicap access and so forth. The aggregate amount of those claims was $168,000. They were settled/resolved for $35,750 or 21% of the total claims.

B. Risk Management Cases Pending.

Currently pending are 3 slip and fall type cases: *Maria Soria v. City of Bell, et al.*; *Elvia Figueroa vs. City of Bell*, et al.; and *Rene Martinez vs. City of Bell, et al.* Aggregate exposure in those cases is approximately $130,000.00. We fully expect resolution of these matters, consistent with the previously settled cases.

C. Risk Management Administration.

When we commenced our services we found that the City had an inadequate system for processing risk management cases by failing to gather and protect evidence, lack of a good system to assess, evaluate and settle claims and inadequate responses to claims. We therefore reviewed internal risk management procedures and made recommendations to improve processes.

Thereafter, we introduced Carl Warren & Co. to the City, and obtained a pro bono review by Carl Warren & Co. of ongoing claims and successfully negotiated a contract with Carl Warren & Co. for services as the City's claims administrator. We instituted weekly status conferences with City Risk Manager We also contacted the JPIA and secured a form for membership, which is being processed.

Other actions we have taken include:

1. Reviewed and evaluated insurance claims to AIG subsidiaries
2. Secured an audit by Alliant Insurance of the claims policy covering the alleged activities of the Bell Eight
3. Provided a records search capability to retrieve needed documents to evaluate claims
4. Instituted litigation budgets for litigation cases

In the coming years we are instituting Post Certified Courses for the Police Department, Risk Manager issues to help avoid future litigation.

D. Other Cases.

In addition to the foregoing, the firm has represented the City successfully in 10 pitchess motion cases involving access to police records, and (ii) in 8 unlawful detainer matters to evict tenants not paying rent. These cases have now been fully resolved.

IV. CITY ATTORNEY BUDGET

On July 28, 2011, after completing a lengthy Request for Proposal ("RFP") process initiated with a Request for Qualifications in April, the firm of Aleshire & Wynder ("A&W") was selected to be City Attorney. Eight law firms were considered in the RFP process. Following is an overview of issues related to the City Attorney budget.

1. We have now opened some 50 accounts to monitor all matters. Many of these accounts are common to all our cities such as General, Personnel, Planning, Public Works, Police, Finance, Code Enforcement, etc. Many of these matters are not charged to the General Fund, such as Redevelopment and Housing. Also Risk Management matters are separately accounted. Many of the accounts are specialized including Mobile Home Parks, Financial Investigations, SEC Investigation, GO Bond Workout, Dexia lawsuit, Pension Matters, and so forth. So far, we estimate that approximately half of this legal expense is for matters which would not be "normal" for a city and are unique to Bell due to its current circumstances.

2. In Fiscal Year 2011-12 we billed the City for all matters $1,158,000 for attorney hours at an overall hourly rate of **$146**/hour, which is actually below the rates in our approved contract (rates are $195/hour for litigation, for example). The rate was reduced by the fact that A&W wrote off over $256,000 in legal fees largely to try and stay within an affordable budget.

3. We have tried to analyze the nature of the City's legal expenses. Of the $1,158,000 in legal expenses, approximately 25% of the total expenses are allocated to the General Fund (with about half of that expense being either litigation or personnel). Risk Management accounts for 10% of the expense, Redevelopment and Housing are 14%, and special projects or reimbursed activities are 5% (so 29% are special funds). Taken together, the General Fund and Special Fund matters (non-corruption matters) are 53% of your legal expenses. We project that the "corruption-related" matters cost $550,000 last year or 47% of your legal expense. In other words, in normal circumstances your General Fund/Risk Management legal expenses would be $50,000 per month or about $600,000 per year. So about half of your current general fund legal expense is due to "corruption matters": litigation, financial investigations and personnel matters you would not be dealing with in normal times.

4. In order to control costs during the year, A&W has written off $256,000 in legal fees. This is approximately 20% of total billings. To try to adhere to an affordable budget we've tried to hold costs to $100,000 per month. We actually reduced our rates by 10% two months after we were hired. Due to the discounts and write-offs, our effective rate has been $146 per hour or about what the average law firm charges for paralegal services. This is half of what normal attorney rates would be (based on a survey of 161 southern California law firms).

5. We are proposing beginning FY 2012-13 that we continue holding our bills to the $100,000 per month average, but that instead of writing off the fees above that amount, we carry the deferred charges forward and take them out of recoveries we expect to earn through the litigation. In this manner we will ultimately get our fees per our contract, but we can continue to reduce the current cash flow challenge to fund the on-going litigation. We are committed as your partner to making sure justice is achieved.

V. CONCLUSION

It has been made clear to us by the Council and community that transparency is our most important operational goal. We believe that in the 85 years history of Bell you've never been involved in so many lawsuits and investigations, and there has never before been such a detailed report to the community as to your legal affairs.

Beside affirming the need for transparency, this report is intended to accomplish the following: (i) assure the community that we are seeking justice for the community by making the guilty pay for their crimes, (ii) make the community aware of the complex and varied nature of the legal matters, and the significant cost of being involved in so many matters, and (iii) explain that we believe the community can reasonably expect to recover millions of dollars from the participants in these corrupt practices against the community. This includes not only from the Bell 8, but vendors who recovered millions without written contracts; from audit firms who failed to disclose material facts in their audits; and from law firms who looked the other way when services were purchase without contracts, when they represented parties with conflicting interests, and when they failed to disclose matters to their clients and related parties.

The community needs to understand that without a strong legal effort, you could face millions of dollars in future liability: liability for bond issues which become taxable because they do not have a public purpose; for pensions computed on excessive salaries; and for pension funds which are payable from property taxes but where the pensions were not validly established. We estimate that over 20 years, the unfunded liability from these measures alone could amount to over $10 million.

In recent council meetings we hear the heartfelt pleas of residents who feel their utility taxes are too high and want them cut at least in half for a savings of $1.6M annually. The prior City Attorney firm billed the City $2M in one year at rates a third more than ours. Our bill last year was $1,158,000, and we wrote off 20% of our fees. If you carefully read this report it is clear that if each of these matters was litigated to the end, you are facing millions of dollars in legal fees in the next several years. We are facing some of the largest most prestigious law firms in the county whose rates are three times ours. They are in the fight to win, not lose.

You will not find capable attorneys who will work for less than us. You will not find attorneys writing off a quarter of a million in a year. You will not find attorneys willing to defer receipt of their fees due to your cash flow issues.

You could greatly reduce your legal fees by not going after Mayer Hoffman, BB&K and Nixon Peabody, by forgetting about the vendors who were paid without contracts; you could let the DA and CALPERS conduct their proceedings without your participation – by such measures you could probably cut your legal fees in half.

This community needs to decide if it wants to tighten its belt for the next two years to hold the perpetrators responsible, or whether it wants the immediate gratification of a utility tax decrease and withdraw from the effort to recover monies by the perpetrators. We think you will be unable to do both.

We hope that this report clearly explains what is at stake. We further hope it demonstrates that you have a committed partner who will see these battles through to the end, so that justice can come to Bell.

ATTACHMENTS:

1. July 13, 2009 email from Rizzo to City Attorney Ed Lee
2. June 23, 2010 letter from BB&K to LA District Attorney

Gmail

Randy Adams <randygadams@gmail.com>

Police Chief Contract-----ROUND TWO

1 message

CAO <cao@cityofbell.org>
To: Edward Lee <Edward.Lee@bbklaw.com>

Mon, Jul 13, 2009 at 12:47 AM

Ed,

I have never been asked by the City Council to show, review, discuss or, anything else with any other Department head contracts since the Charter became effective, here is the list:
1. Spaccia,
2. Lourdes,
3. Eric,
4. Luis Ramirez,
5. Annette Pertez,
6. The two Chiefs before Andy Probst,
7. Andy Probst
8. The three Deputy Chief's
9. Assistant Chief Chevez
10. The last three two captains, and
11. The last four lieutenant's contracts.

What makes this one so special !

Ed--With our 15 years of working together and the City of Bell's continuing with you at BBK just because of our relationship. I wish you would have told Mirabel you would look into it and get back with him; then discuss it with me so I could have warned you prior to your making suggestions which were nothing more than you falling into political trap and now making me place my job on the line, because of internal politics.

THIS IS A CLOSE 2-2-1 MATTER NOW . THIS IS NOT ABOUT RANDY ADAMS, ITS ABOUT THE OLD FAMILY OF COPS DOES NOT WANT SOMEONE NEW COMING IN BECAUSE THEY ARE ALL WORRIED OF WHAT HE WILL FIND. LIKE ALL THE THINGS I FOUND AND YOU HELP ME FIX 15 YEARS AGO. IF IT WAS NOT FOR US BEING FRESH AND NEW THAT WHORE HOUSE ON FLORENCE WOULD STILL BE OPEN--MORE THAN HALF OF POLICE FORCE WOULD GET FREEBIES THERE TO LOOK THE OTHER WAY. A FORMER POLICE CHIEF HAD A REGULAR GIRL FRIEND THEIR AND ALMOST LEFT HIS WIFE FOR HER.

*ED PLEASE OPEN YOUR EYES, BELL IS THE ONLY SOUTHEAST CITY THAT HAS A GOOD REPETITION THAT IS BECAUSE OF **OUR** WORK. AND THE LAST PART TO FIX IS THE PD, ITS TAKEN 17 YEARS TO GET TO THIS PLACE. WILL YOU HELP ME BE PART OF THE SOLUTION AND NOT THE PROBLEM?*

your pal,
Bob

From: Edward Lee (Edward.Lee@bbklaw.com)
Sent: Friday, July 10, 2009 9:59 AM
To: CAO
Subject: Police Chief Contract

Bob,

I returned a call to George Mirabal who asked about the new Chief's start date. Is there a contract you need me to work on for the Chief and will this be on the upcoming Council agenda? As I spoke with George, I suggested that the Council discuss this matter in closed session under "Personnel" if there were any questions on the contract.

Please let me know.

Ed

Edward W. Lee
Best Best & Krieger
300 S. Grand Avenue, 26th Floor
Los Angeles, CA 90071
(T) 213-617-8100
(F) 213-617-7480

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(925) 977-3300

William J. Priest
(213) 787-2544
William.Priest@bbklaw.com
File No. 65003.00001

June 23, 2010

David E. Demerjian
Head Deputy
Public Integrity Division
Los Angeles County District Attorney's Office
766 Hall of Records
320 West Temple Street
Los Angeles, CA 90012

Re: Response by City of Bell to Letter Inquiring About Setting of City Councilmember Salaries.

Dear Mr. Demerjian:

On June 9, 2010, the City of Bell received a letter from your office inquiring about the salaries of Bell City Council members. You specifically raised concerns that their current salaries do not conform to the statutory limits set forth in California Government Code, Section 36516 for General Law cities.

The City of Bell has been a Charter City since November, 2005 and the compensation of its Council members is subject only to Constitutional limits. California Constitution, Article XI, Sections 5(a) and (b)(4) state, in pertinent part:

> "(a) . . . .City charters adopted pursuant to this Constitution shall supersede any existing charter, and with respect to municipal affairs shall supersede all laws inconsistent therewith.
>
> (b) It shall be competent in all city charters to provide, in addition to those provisions allowable by this Constitution, and by the laws of the State for: . . . and (4) plenary authority is hereby granted, subject only to the restrictions of this article, to provide therein or by amendment thereto, the manner in which, the method by which, the times at which, and terms for which the several municipal officers and employees whose compensation is paid by the city shall be elected or appointed, and for their removal, and for their compensation . . ."

Further, the California Supreme Court has affirmed that the compensation of officers and employees of charter governments constitute municipal affairs not subject to the general laws of the State. *Sonoma County Organization of Public Employees v. County of Sonoma et. al.*, (1979) 23 Cal.3d 296, 314-317. Therefore, the City of Bell has the Constitutional authority to set Council member compensation at higher levels than allowed under Section 36516, provided the compensation remains within the limits of the City's charter.

The Bell City Charter, Section 502, states in pertinent part:

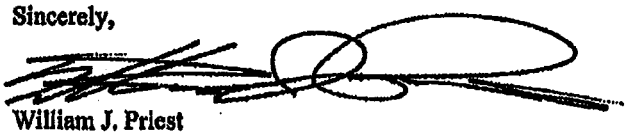
> "The members of the City Council shall receive compensation for their services as may be prescribed by ordinance or resolution, but with respect to service as a Council member not to exceed the amount which council members of general law cities of similar population would receive under State law. . . ."

Pursuant to Section 502, the voters of the City of Bell have chosen to limit the Council members' compensation to that provided by State law, <u>but only with respect to their service as Council members</u>. The charter imposes no such limits with respect to compensation for their service as members of the City's other commissions and boards – the only remaining requirement being that compensation must be prescribed by ordinance or resolution.

As noted in the documents the City produced for you last month, each Council member receives $150.00 per month with respect to their service as Council members (the "Council" entry on the Personnel Action Reports). This is well within the limits prescribed by Section 36516 which, given Bell's population (44,054) would allow compensation of up to $400 per month plus a 5% per year increase since the last adjustment. The compensation the Council members receive for their service on the City's other boards, commissions and authorities has been approved over the years by adoption of several resolutions, which were discussed and approved in open session before the public.

Please feel free to call my office should you have any questions regarding the enclosed.

Sincerely,



William J. Priest
for BEST BEST & KRIEGER LLP

Assistant City Attorney, City of Bell

WJP

cc: Robert A. Rizzo, Chief Administrative Officer
Edward W. Lee, City Attorney
Lourdes Garcia, Director of Administrative Services
Rebecca Valdez, City Clerk

ORANGE\WPRIEST\69170.1

General

Warrants
(11/26-30/12)

City Council Meeting of December 5, 2012

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
50989	11/26/12	121201	WEX BANK GAS CONSUMPTION-9/27-10/30/12 BELL P.D.	11,992.85
50990	11/30/12	121201	VOID VOID-TEST PRINT	0.00
50991	11/30/12	121201	VOID VOID-TEST PRINT	0.00
50992	11/30/12	121201	AT&T TELEPHONE BILLING-10/2-11/1/12 MTA EQUIPMENT/SVCS @ C.H. TELEPHONE BILLING-10/2-11/1/12 MTA EQUIPMENT/SVCS @ BELL P.D. WATER BILLING-10/2- 12/1/12 6330 PINE AVE-C.H. TELEHPONE BILLING-11/7-12/6/12 BELL P.D.	3,905.28
50993	11/30/12	121201	AT&T-LONG DISTANCE TELEPHONE BILLING-10/03-11/2 VARIOUS LONG DISTANCE ACCOUNTS	17.13
50994	11/30/12	121201	CITY OF HUNTINGTON PARK WATER BILLING-10/8-11/5/12 CARMELITA & RANDOLPH	14.27
50995	11/30/12	121201	CONSOLIDATED DISPOSAL SRVS#902 WASTE SVCS-11/1-30/12 6330 PINE AVE-C.H.	96.25
50996	11/30/12	121201	DELTA DENTAL SERVICE DENTAL INS ADMIN FEE-OCT'12 DENTAL INS CLAIMS-OCT'12	5,149.14
50997	11/30/12	121201	THE GAS COMPANY GAS BILLING-10/10-11/7/12 6704 ORCHARD AVE-LB PARK GAS BILLING-10/9-11/7/12 4357 GAGE AVE-SKB PARK	47.80
50998	11/30/12	121201	IAPE TUITION-12/4-5/12 S.SALAS	350.00
50999	11/30/12	121201	MAYWOOD MUTUAL WATER CO WATER BILLING-8/18-10/19/12 SO OF 6420 ATLANTIC AVE WATER BILLING-8/21-10/23/12 GAGE/CASITAS WATER BILLING-8/18-10/19/12 4501,05,09 E GAGE AVE WATER BILLING-8/21-10/23/12 WILCOX/GAGE PARKWAY	1,073.60

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
			WATER BILLING-8/21-10/23/12 5200 RANDOLPH ST	
51000	11/30/12	121201	SOUTHERN CALIFORNIA EDISON ELECTRICAL BILLING-10/1-11/1 6330 PINE AVE/C.H. ELECTRICAL BILLING-10/16-11/15 6901 1/2 RIVER DR ELECTRICAL BILLING-10/15-11/14 6800 OTIS TC1 ELECTRICAL BILLING-10/15-11/14 6510 CLARKSON AVE ELECTRICAL BILLING-10/15-11/14 4400 GAGE AVE ELECTRICAL BILLING-10/18-11/17 4357 GAGE AVE-SKB PARK ELECTRICAL BILLING-10/10-11/8 6707 BEAR AVE-LB PARK	5,699.21
51001	11/30/12	121201	TELEPACIFIC COMMUNICATIONS TELEPHONE BILLING-10/23-11/22	3,899.85
51002	11/30/12	121201	WELLS FARGO BANK W.C. ACCT REPLENISH CK#6859-79 W.C. ACCT REPLENISH CK#6880-97 WC ACCT REPLENISH CK#6898-6903	17,548.31
51003	11/30/12	121202	ADVANCED ACCESS SYSTEMS, INC. GATE MAINT-BELL P.D.	380.89
51004	11/30/12	121202	AIMS, INC. HP LASERJET 8150N REPAIR-P.D.	130.00
51005	11/30/12	121202	ALESHIRE & WYNDER, LLP LEGAL SVCS-VARIOUS MATTERS	125,055.71
51006	11/30/12	121202	ALL ACTION SECURITY SECURITY GUARD SVCS-11/3,11/10	810.75
51007	11/30/12	121202	FIDEL R. ARECHIGA REFUND-HALL DEPOSIT 11/10/12	300.00
51008	11/30/12	121202	AULA ATHLETIC CLUB REFEREE SVCS-10/18-22/12 REFEREE SVCS-11/2-20/12	4,435.00
51009	11/30/12	121202	AUNTIE CREATIVE CONSULTANTS GENERATOR-HONDA EU 6500	600.00
51010	11/30/12	121202	BELL SERVICE CENTER FLAT SERVICE FEE-OCT'12 VARIOUS REPAIRS-UNIT#300 REPLACE RACK AND PINION VARIOUS REPAIRS-UNIT#334 REPLACE RACK&PINION	4,847.45

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
			MOUNT TIRES	
			VARIOUS REPAIRS-UNIT#363	
			LUBE/OIL/FILTER	
			REPLACE HOSE/HEATER	
			VARIOUS REPAIRS-BELL P.D.	
			LUBE/OIL/FILTER	
			REPLACE FRONT BRAKE PADS	
			FUEL & AIR FILTER	
			VARIOUS REPAIRS-UNIT#325	
			MOUNT TIRES/REPAIR SPOTLIGHT	
			VARIOUS REPAIRS-UNIT#1227	
			LUBE/OIL/FILTER	
			VARIOUS REPAIRS-UNIT#330	
			LUBE/OIL/FILTER	
			REPLACE ALTERNATOR	
			REPLACE AIR CONDITIONING	
			VARIOUS REPAIRS-UNIT #344	
			REPLACED WINDOW SWITCH.	
			LUBE/OIL/FILTER	
			REPLACE FUEL AND AIR FILTER	
			REPLACE WIPER-UNIT #361	
51011	11/30/12	121202	BICKMORE RISK SERVICES	2,250.00
			ACTUARIAL RVW-WORKERS COMP	
			JUN'12-JUN'13	
51012	11/30/12	121202	BURRO CANYON SHOOTING PARK	60.00
			RANGE FEES-10/29/12	
51013	11/30/12	121202	CALIFORNIA PEACE OFFICERS'	125.00
			MEMBERSHIP DUES-JAN-DEC'13	
			T. HENSHAW	
51014	11/30/12	121202	CARL WARREN & CO.	2,681.88
			LIABILITY PROF SVCS-E. EGGENA	
			LIABILITY PROF SVCS-R. MARTINEZ	
			LIABILITY PROF SVCS-E. FIGUEROA	
			LIABILITY PROF SVCS-L. SANCHEZ	
			LIABILITY PROF SVCS-M. OCHOA	
51015	11/30/12	121202	CAT SPECIALTIES	7,930.59
			NIKE GOLF SHIRTS-BELL LOGO	
			BELL SPONSOR SHIRTS 2012	
51016	11/30/12	121202	COMSERCO, INC.	1,071.00
			MAINTENANCE BILLING-NOV'12	
51017	11/30/12	121202	DECALS BY DESIGN INC	755.50
			DECAL GRAPHICS-TEMP VAN	
51018	11/30/12	121202	DEPARTMENT OF JUSTICE	96.00
			FINGERPRINTING SVCS-OCT'12	
51019	11/30/12	121202	DUNN-EDWARDS CORP.	352.63
			PAINT SUPPLIES-BELL P.D.	

27C

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
			PAINT SUPPLIES-BELL P.D. PAINT SUPPLIES-P.D.	
51020	11/30/12	121202	EL PESCADOR CARTERING SVCS-11/11/12 6500 WILCOX AVE-VETS PK	420.00
51021	11/30/12	121202	ELITE SPECIAL EVENTS HOLIDAY FESTIVAL-12/8/12	2,100.00
51022	11/30/12	121202	EMERGENCY VEHICLE GROUP, INC REMOVE/INSTALL NEW GUN SAFE	308.75
51023	11/30/12	121202	NORDIS PARENTE BUSINESS CARDS-BELL P.D. J. GARCIA, A. MIRANDA BUSINESS CARDS-T. HENSHAW ENVELOPES-BELL P.D. LETTER HEAD 4 COLORS-BELL P.D. LETTER HEAD-W&WO CITY COUNCIL	1,771.52
51024	11/30/12	121202	STEVEN FINKLESTEIN TRAVEL REIMB-10/19,10/12,10/28 11/2/12 POST COURSE	266.83
51025	11/30/12	121202	ALEX FONG STUDY OF PLAN CHECK & BDG FEES	2,000.00
51026	11/30/12	121202	GRAFFITI CONTROL SYSTEMS GRAFFITI REMOVAL SVCS-OCT'12	7,819.00
51027	11/30/12	121202	HINDERLITER DE LLAMAS & CONTRACT SVCS-SALES TAX 4THQTR	932.94
51028	11/30/12	121202	CONNIE HURTADO REIMB-85TH CELEB EXPENSES	389.40
51029	11/30/12	121202	INTEGRITY WASTE ENIVRONMENTAL WASTE CONSULTANTS	4,371.88
51030	11/30/12	121202	INTELESYS COMMUNICATIONS ON SITE LABOR-BELL P.D. ON SITE LABOR-BELL P.D. T. RODRIGUEZ, N. ROSADO, PARKING	410.00
51031	11/30/12	121202	INTERWEST CONSULTING GROUP INC PROF SVCS-9/1-30/12 BUILDING AND SAFETY PLAN RVW	487.71
51032	11/30/12	121202	ART JIMENEZ CAR RENTAL-10/11-13/12 SUBSISTENCE-12/13-15/12 PLANE TICKETS-12/13-15/12 LODGING-12/13-15/12	787.27

27D

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
51033	11/30/12	121202	L. B. JOHNSON HARDWARE CO #1 BUILDING REPAIR MATERIALS BUILDING REPAIR MATERIALS MISC BUILDING REPAIR MATERIALS DEODORANTS	115.81
51034	11/30/12	121202	LEADING EDGE SOUND & SECURITY AUDIO VIDEO SYS SVCS AGREEMENT QUARTERLY BILLING-LB PK AUDIO/VIDEO SYS SVC AGREEMENT QUARTERLY BILLING-LB PK	950.00
51035	11/30/12	121202	LETY'S CITY OF BELL FLORIST HELIUM-C. CTR	200.00
51036	11/30/12	121202	LOS ANGELES CABLE TELEVISION PRODUCTION SERVICES-6/6/12 PRODUCTION SERVICES-7/18/12 PRODUCTION SVCS-9/12 & 9/19/12 PRODUCTION SVCS-10/3 &10/17/12	1,750.00
51037	11/30/12	121202	MARIACHI DIVAS, INC. PERFORMANCE-HOLIDAY 12/8/12	1,200.00
51038	11/30/12	121202	MARTIN & CHAPMAN SEMINAR & MATERIALS	150.00
51039	11/30/12	121202	MEDINA CONSTRUCTION PW/GEN MAINT SVCS-NOV'12	18,000.00
51040	11/30/12	121202	MR. UNIFORM UNIFORMS-BELL P.D.	47.90
51041	11/30/12	121202	NORMS REFRIGERATION & ICE REFRIGERATOR MAINT-BELL P.D.	214.96
51042	11/30/12	121202	OFSI COPIER LEASE-7/1-31/12 PYMT#2 FAX LEASE-7/1-31/12 PYMT#13 P.D. /RECORDS COPIER LEASE-8/1-31/12 PYMT#3 FAX LEASE-8/1-31/12 PYMT#14 P.D. /RECORDS COPIER LEASE-9/1-30/12 PYMT#4 FAX LEASE-9/1-30/12 PYMT#15 P.D. /RECORDS COPIER LEASE-10/1-31/12 PYMT#5 FAX LEASE-10/1-31/12 PYMT#16 P.D. /RECORDS COPIER LEASE-11/1-30/12 PYMT#6 FAX LEASE-11/1-30/12 PYMT#17 P.D. /RECORDS	2,504.73
51043	11/30/12	121202	OCE IMAGISTICS INC.	89.36

27E

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
			COPIER MAINT/SUPPLIES-SEP '12	
51044	11/30/12	121202	ORMORE TIME SYSTEMS TIMECARD MACHINE-C. CTR TIMECARD MACHINE MAINT-C. CTR TIMECARD MACHINE MAINT-VETS PK TIMECARD MACHINE MAINT-LB PK TIMECARD MACHINE MAINT-DEBS PK	1,500.00
51045	11/30/12	121202	QUICK DISPENSE MISC SUPPLIES-BELL P. D. MISC SUPPLIES-BELL P. D.	526.93
51046	11/30/12	121202	QUILL CORPORATION OFFICE SUPPLIES-PARKS/GENERAL OFFICE SUPPLIES-BELL P. D.	214.27
51047	11/30/12	121202	RECALL SECURE DESTRUCTION SHREDDING SVCS-P. D.	310.00
51048	11/30/12	121202	ALEJANDRO REMIGIO REFUND-HALL DEPOSIT 11/3/12	300.00
51049	11/30/12	121202	SONIA RIVAS REFUND-HALL DEPOSIT 11/17/12	300.00
51050	11/30/12	121202	ROSE CLEANERS & LAUNDRY BLANKET CLEANING SVCS BELL P. D. -OCT '12	135.00
51051	11/30/12	121202	SANDRA SALAS SUBSISTENCE-12/4-5/12	20.00
51052	11/30/12	121202	SAVAS SIGNWORKS DIGITAL BANNER-C. CTR VIP ENTRANCE/PARKING/SHUTTLE ENTRANCE ALUMINUM SIGN	1,516.91
51053	11/30/12	121202	DAVID SERRANO BASEBALL GAMES-11/5-20/12	840.00
51054	11/30/12	121202	ROBERT SEVERSON ACCT PROF SVCS-11/7-9/12 ACCT PROF SVCS-11/13-16/12 ACCT PROF SVCS-11/19-21/12 ACCT PROF SVCS-10/22-26/12 ACCT PROF SVCS-10/29-11/2/12	3,734.50
51055	11/30/12	121202	SGX MEDIA BELL 85TH ANNIVERSARY CELEB ENGLISH/SPANISH	581.85
51056	11/30/12	121202	SHARP INTERNATIONAL CHEER COMPETITION-12/15/12	100.00

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
51057	11/30/12	121202	CURTIS STEPHAN RISK MGMT CONTRACT-10/23-11/14	4,375.00
51058	11/30/12	121202	THE FUN COMPANY VETERANS DAY CELEBRATION VETS PARK-11/11/12	1,975.00
51059	11/30/12	121202	THE ICE MAN 3 WOODEN RAMPS 15 TONS OF SNOW 12 PLASTIC SLEDS	4,621.88
51060	11/30/12	121202	THE MOBILE GAME LOUNGE AFTERNOON LOUNGE PARTY-11/11	450.00
51061	11/30/12	121202	THE PIN CENTER LAPEL PINS-85TH ANNIVERSARY	725.50
51062	11/30/12	121202	ROBERT TREITLER TUITION-11/2-3/12	240.00
51063	11/30/12	121202	U.S. HEALTH WORKS PHYSICAL-J. PEREZ B.A.C-DR#12-3018,#12-3031, #12-3041,#12-3077,#12-3114 #12-3107 PHYSICAL-A. PERDOMO, J. CASTRO, R. DELGADO, G. DENSEL, J. MATA, O. SILLER, M. MEJIA/DR#12-3165 DR#12-3177, DR#12-3215 BLOOD ALCOHOL COLLECTION DR#12-3450, #12-3476, #12-3531 BLOOD ALCOHOL COLLECTION DR#12-2430, #12-3589 BLOOD ALCOHOL COLLECTION DR#12-3630, #12-3689, #12-3711 #12-3710	997.00
51064	11/30/12	121202	UNDERGROUND SERVICE ALERT UNDERGROUND FAX NOTICES-NOV'12	40.50
51065	11/30/12	121202	UNIFIED TRANSLATION SERVICES INTERPRETING SVCS-11/7/12	300.00
51066	11/30/12	121202	VISION INTERNET PROVIDERS, INC PROJECT PYMNT 1-3	8,073.00
51067	11/30/12	121202	WELLS LOCK & KEY RE-KEY CADET'S OFFICE 4 GMC TRANSPON-BELL P.D.	247.50
TOTAL	79 CHECKS			281,088.99

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
*W0000736	11/20/12	121203	CITY OF BELL PAYROLL FUND PAYROLL DEPOSIT-PAY 11/21/12	247,629.88
W0000737	11/21/12	121203	CITY OF BELL PAYROLL FUND FICA & MEDI TAXES-PAY 11/21/12	11,267.02
W0000738	11/23/12	121203	CAL-PUBLIC EMPLOYEE RETIREMENT RTRMNT PAYMENT-PAY OF 11/23/12	72,138.12
W0000739	12/05/12	121204	PUBLIC EMPLOYEES' RETIREMENT HEALTH PREMIUM-DEC'12	112,074.95
TOTAL	4 WIRES			443,109.97
TOTAL				724,198.96

Successor Agency to the Bell Community Redevelopment Agency

Warrants (11/26-30/12)

City Council Meeting of December 5, 2012

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
5512	11/30/12	121212	VOID VOID-TEST PRINT	0.00
5513	11/30/12	121212	VOID VOID-TEST PRINT	0.00
5514	11/30/12	121212	ROSENOW SPEVACEK GROUP PROF SVCS/SUCCESSOR AGENCY 10/9-31/12	8,291.25
TOTAL	3 CHECKS			8,291.25

27J

BCHA - Bell Community Housing Authority

Warrants (11/26-30/12)

City Council Meeting of December 5, 2012

27 K

CHECK NO	DATE	BATCH	VENDOR/DESCRIPTION	AMOUNT
2133	11/30/12	121231	VOID VOID-TEST PRINT	0.00
2134	11/30/12	121231	VOID VOID-TEST PRINT	0.00
2135	11/30/12	121231	CONSOLIDATED DISPOSAL SRVS#902 WASTE/RECYCLING SVCS-NOV'12 4874 GAGE AVE-BMHP WASTE/RECYCLING SVCS-NOV'12 5162 FLORENCE AVE-MMHP/FVMHP WASTE/RECYCLING-NOV'12 5246 FLORENCE AVE-DRMHP/FVMHP	5,971.38
2136	11/30/12	121232	FIRST CHOICE MISC SUPPLIES-FVMHP	44.57
2137	11/30/12	121232	BETSY GARCIA CARETAKER SVCS-NOV'12 EVENINGS/WEEKENDS-BMHP	585.00
2138	11/30/12	121232	MEDINA CONSTRUCTION MAINT SVCS-5162 FLORENCE/FVMHP DRAINAGE CLEANOUT-SP#42 REPAIR ELECTRICITY-SP#71 MAINT SVCS-4874 GAGE AVE/BMHP REPAIR WATER VALVE-SP#109 WATER PIPE-SP#9 MAINT SVCS-4874 GAGE AVE/BMHP REPLACE A GARDEN VALVE MAINT SVCS-6716 OTIS AVE/BCHA ELECTRICITY REPAIR MAINT SVCS-4874 GAGE AVE/BMHP WATER HEATER-LAUNDRY ROOM MAINT SVCS-5162 FLORENCE/BCHA CAT LITER REMOVAL-SP#M6-#M63 MAINT SVCS-4874 GAGE AVE/BMHP UNCLOG DRAINAGE-SP#28 MAINT SVCS-5162 FLORENCE/FVMHP MATERIAL/ST PRESSURE WASH SVCS MAINT SVCS-6624 FLORA #G/BCHA PLASTIC SEWER PIPES MAINT SVCS-6624 FLORA #G/BCHA REMOVE/REPLACE END OF DRIVEWAY MAINT SVCS-5162 FLORENCE/FVMHP STREET POLE LIGHT-SP#72 MAINT SVCS-4874 GAGE AVE/BMHP STREET POLE LAMP-SP#100 ROOF DRAIN PIPE-SP#34	8,171.35
TOTAL		6 CHECKS		14,772.30

27L

MINUTES OF THE

Bell City Council/Bell Community Housing Authority/Successor Agency to the Bell Community Redevelopment Agency/ Bell Public Finance Authority/Bell Planning Commission

October 17, 2012

6:00 P.M. Closed Session
7:00 P.M. Regular Meeting

Bell Community Center
6250 Pine Avenue

Call to Order by Mayor Saleh at 6:00 PM.

Roll Call of the City Council in their capacities as Councilmembers/Members of all Related Agencies: Harber, Quintana, Valencia, Alvarez, and Saleh

Present: Harber, Quintana and Saleh (3)

Absent: *Valencia, Alvarez None (2)

Staff: City Manager Willmore, City Attorney Aleshire, City Clerk Valdez, Chief Miranda, City Engineer Rodrigue, Community Development Director Perez, Community Services Director Wasserman, Finance Director Betta, City Treasurer Hernandez, Senior Management Analyst Prado, Account Clerk Perez and Assistant Planner Chacon (12)

*Vice Mayor Alvarez arrived at 6:05 PM and Councilmember Valencia arrived at 6:45 PM.

Communications from the Public on Closed Session Items

None.

Closed Session

1. The City Council and the related Authorities and Agencies recessed at 6:03 PM to a closed session to confer with legal counsel regarding the following matters:

a) CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Subdivision (a) of Section 54956.9) Name of Case: *Dexia Credit Local v. City of Bell, Bell Public Financing Authority*
b) CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *Bell v. Best Best & Krieger; LASC BC466436*

c) CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION (Subdivision (a) of Section 54956.9) Name of Case: *Bell Redevelopment Agency vs. County Records Research, LASC VC059404*

d) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *David Mango v. City of Maywood et. al.* (Case No. CV 11-05641 GW (FFMX))

e) CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *D&J Engineering v. Bell; LASC VC059415.*

f) CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Subdivision (a) of Section 54956.9); Name of case: *Luis Ramirez v. Bell (Supplemental Retirement Plan) BC 474118.*

g) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION Significant exposure to litigation (Government Code Section 54956.9(b)) (five (5) potential case)

Reconvene Regular Meeting at 7:16 PM

Pledge of Allegiance led by Murphy the Robot.

City Attorney Report

The City Attorney reported the following on the Closed Session matters: Item a) through Item c) were discussed, no reportable actions were taken. Items d) and e) were not discussed. Item f) was discussed, no reportable action was taken. Item g) was not discussed.

Communications from the Public

The following members of the public addressed the City Council, Bell Community Housing Authority the Successor Agency to the Bell Community Redevelopment Agency and the Planning Commission, on items that were on the agenda and on non-agenda items: Ms. Bertz, Gloria Medina, Donna Gannon, Ramon Cervantes, Sam Pena, Jose Moreno, Alfred Areyan, Nora Saenz, Hilda Rodriguez, Mario Rivas, Diane Oliva,

Presentations

Proclamation Proclaiming October 28, 2011 as "National Immigrant's Day". *(Requested by Councilmember Valencia)*

Consent Calendar

2. Approval of General Warrants, Successor Agency to the Bell Community Redevelopment Agency Warrants and Community Housing Authority Warrants dated October 17, 2012. *(Council/Successor Agency to the Bell Community Redevelopment Agency /Bell Community Housing Authority)*

Discussion ensued among the City Council on Item 2 of the consent calendar.

It was moved by Councilmember Valencia, seconded by Councilmember Harber, to approve Item 2 from the consent calendar.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

3. Receive and File City of Bell, Bell Successor Agency and Bell Surplus Property Authority Investment Reports at August 31, 2012.

Item 3 was pulled from the consent calendar for further discussion. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Vice Mayor Alvarez, to approve Item 3.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

13. The Utility User Tax- An Introduction. *(Council)*

Josh Betta, Finance Director, provided a staff report on item 13. Discussion ensued among the City Council. The City Council received and filed.

Public Hearing

4. Consideration of Development of a Proposed 3,393 Square Foot Retail Building, located at 4714 Gage Avenue. Applicant: Angelo Karmos. *(Planning Commission) Continued from 09/19/12 meeting.*

Joe Perez, Community Services Director, provided the staff report for item 4. Discussion ensued among the City Council.

Mayor Saleh open the public hearing at 8:57 PM regarding the Consideration of Development of a Proposed 3,393 Square Foot Retail Building, located at 4714 Gage Avenue. Applicant: Angelo Karmos.

The following individual spoke in favor of the project: Nelida Sanchez.

Hearing no further comments for or against this item, Mayor Saleh closed the public hearing at 8:58 PM.

It was moved by Councilmember Harber, seconded by Councilmember Valencia, to approve the proposed development and adopt the following resolutions in the following sequence.

1. **Resolution No. 2012-64PC Approving Architectural Review Board No. 2012-03.**

RESOLUTION NO. 2012-64PC: A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF BELL APPROVING ARCHITECTURAL REVIEW BOARD NO. 2012-03 FOR THE KARMOS PLAZA DEVELOPMENT PROJECT. THE ARCHITECTURAL REVIEW BOARD PROVIDES THE STANDARDS FOR CONSTRUCTION AND OPERATION OF A 3,393 SQUARE FOOT COMMERCIAL RETAIL BUILDING WITH 21 VEHICULAR PARKING SPACES, 1 LOADING SPACE AND 924 SQUARE FEET OF LANDSCAPING; TO BE CONSTRUCTED ON ONE 12,500 SQUARE FOOT PARCEL; GENERALLY LOCATED BETWEEN PROSPECT AND VINEVALE AVENUES; 4714 GAGE AVENUE, CITY OF BELL, CA 90201 (APN: 6326-007-012).

2. **Resolution No. 2012-66PC Approving Mitigated Negative Declaration and Mitigation Monitoring Program.**

RESOLUTION NO. 2012-66PC: A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF BELL APPROVING A MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING AND REPORTING PROGRAM FOR THE KARMOS PLAZA DEVELOPMENT PROJECT, INCLUDING ARCHITECTURAL REVIEW BOARD NO. 2012-03 FOR THE CONSTRUCTION AND OPERATION OF 3,393 SQUARE FOOT COMMERCIAL RETAIL BUILDING WITH 21 VEHICULAR PARKING SPACES, 1 LOADING SPACE AND 924 SQUARE FEET OF LANDSCAPING; TO BE CONSTRUCTED ON ONE 12,500 SQUARE FOOT PARCEL; GENERALLY LOCATED BETWEEN PROSPECT AND VINEVALE AVENUES' 4714 GAGE AVENUE, CITY OF BELL, CA 90201 (APN: 6326-007-012).

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

Business Calendar

5. Consideration of Resolution No. 2012-74 Approving the Housing Due Diligence Review and Authorizing the Transmittal of the Review to the Oversight Board and Other Agencies as Required by Law. *(Council/Successor Agency of the Bell Community Redevelopment Agency) Continued from the 10/03/12 meeting.*

Item 5 was continued.

6. Consideration of Creation of a New Management Analyst Position in the Community Development Department. *(Council)*

Joe Perez, Community Development Director provided a staff report on item 6. Discussion ensued among the City Council.

There was no motion to approve Item 6

7. Consideration of an Exempt/At-Will Housing Manager Position. *(Council)*

Pamela Wasserman, Community Services Director, provided a staff report on item 7. Discussion ensued among the City Council.

There was no motion to approve Item 7.

8. Consideration of Five Year Pavement Management Work Plan. *(Council)*

Terry Rodrigue, City Engineer, provided a staff report on Item 8. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Vice Mayor Alvarez, to approve the Five Year Pavement Management Work Plan, including the list of pavement maintenance projects for the next two years, and the 2012/2013 Pavement Rehab Project projects at a cost of $2,120,000.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

9. Consideration of a Contract Agreement with Martin & Chapman to provide Election Consulting Services. *(Council)*

Dave Aleshire, City Attorney, provided the staff report on item 9. Discussion ensued among the Council. Item 9 was continued to the next Council meeting.

10. Consideration of the Lobbyist Services Request For Proposal (RFP). *(Council)*

Magdalena Prado, Senior Management Analyst, provided the staff report for item 10. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Councilmember Harber, to approve the RFP for Lobbyist Services and authorized staff to release the document.

Vote:	4-1
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia and Vice Mayor Alvarez
No:	Mayor Saleh
Abstained:	None
Absent:	None

Motion Passed.

11. Consideration of the New City of Bell Website Design Concepts. *(Council)*

Magdalena Prado, Senior Management Analyst, provided a staff report on item 11. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Councilmember Valencia, to receive the results from the New City of Bell Website Design Survey; and authorize staff to implement the design; Option C.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

12. Jail Facility Update. *(Council)*

Anthony Miranda, Chief of Police, provided the staff report on item 12. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Councilmember Valencia, to receive and file the staff report on item 12.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

14. Discussion regarding Charter Reform Commission. *(Requested by Councilmember Quintana)*

Councilmember Quintana, provided a report on item 14 and recommended to create a citizens committee to bring in experts to look into reforming the City Charter.

It was moved by Councilmember Quintana, seconded by Councilmember Harber, to have the City Manager provide a staff report on Charter Reform.

Vote:	2-3
Yes:	Councilmember Harber and Councilmember Quintana
No:	Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
Abstained:	None
Absent:	None

Motion Failed.

Mayor and City Council Communications

Councilmember Valencia, informed the Council that he attended the event honoring Coach Leroy Wilson.

Councilmember Quintana informed that LAUSD will be having workshops on the measures that will be on the ballot. Yale Admissions Office contacted her and informed her that two Bell High School teachers are being recognized.

Vice Mayor Alvarez inquired about the process of having a study session for either Friday or Monday, to have a general update of what is going on with the City and Departments.

Adjournment

City Council meeting adjourned at 10:32 PM.

Public Hearing

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The following individual spoke in favor of the project: Nelida Sanchez.

Hearing no further comments for or against this item, Mayor Saleh closed the public hearing at 8:58 PM.

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Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

Business Calendar

5. Consideration of Resolution No. 2012-74 Approving the Housing Due Diligence Review and Authorizing the Transmittal of the Review to the Oversight Board and Other Agencies as Required by Law. *(Council/Successor Agency of the Bell Community Redevelopment Agency) Continued from the 10/03/12 meeting.*

Item 5 was continued.

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There was no motion to approve Item 6

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Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

9. Consideration of a Contract Agreement with Martin & Chapman to provide Election Consulting Services. *(Council)*

Dave Aleshire, City Attorney, provided the staff report on item 9. Discussion ensued among the Council. Item 9 was continued to the next Council meeting.

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It was moved by Councilmember Quintana, seconded by Councilmember Harber, to approve the RFP for Lobbyist Services and authorized staff to release the document.

Vote:	4-1
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia and Vice Mayor Alvarez
No:	Mayor Saleh
Abstained:	None
Absent:	None

Motion Passed.

11. Consideration of the New City of Bell Website Design Concepts. *(Council)*

Magdalena Prado, Senior Management Analyst, provided a staff report on item 11. Discussion ensued among the City Council.

It was moved by Councilmember Quintana, seconded by Councilmember Valencia, to receive the results from the New City of Bell Website Design Survey; and authorize staff to implement the design; Option C.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

12. Jail Facility Update. (*Council)*

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It was moved by Councilmember Quintana, seconded by Councilmember Valencia, to receive and file the staff report on item 12.

Vote:	5-0
Yes:	Councilmember Harber, Councilmember Quintana, Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
No:	None
Abstained:	None
Absent:	None

Motion Unanimously Passed.

14. Discussion regarding Charter Reform Commission. *(Requested by Councilmember Quintana)*

Councilmember Quintana, provided a report on item 14 and recommended to create a citizens committee to bring in experts to look into reforming the City Charter.

It was moved by Councilmember Quintana, seconded by Councilmember Harber, to have the City Manager provide a staff report on Charter Reform.

Vote:	2-3
Yes:	Councilmember Harber and Councilmember Quintana
No:	Councilmember Valencia, Vice Mayor Alvarez and Mayor Saleh
Abstained:	None
Absent:	None

Motion Failed.

Mayor and City Council Communications

Councilmember Valencia, informed the Council that he attended the event honoring Coach Leroy Wilson.

Councilmember Quintana informed that LAUSD will be having workshops on the measures that will be on the ballot. Yale Admissions Office contacted her and informed her that two Bell High School teachers are being recognized.

Vice Mayor Alvarez inquired about the process of having a study session for either Friday or Monday, to have a general update of what is going on with the City and Departments.

Adjournment

City Council meeting adjourned at 10:32 PM.

I, Rebecca Valdez, City Clerk of the City of Bell, certify that the foregoing minutes were approved by the City Council of the City of Bell at a regular meeting held on December 5, 2012.

_____
Rebecca Valdez, CMC
City Clerk

_____
Ali Saleh, Mayor

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Joe Perez, Community Development Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Ordinance No. 1191: Municipal Code Amendment - Reducing City's Plan Check and Building Permit Fees

RECOMMENDATION

It is recommended that the City Council read by title only, waive further reading, and introduce Ordinance No. 1191 amending Section 15.04.030 regarding plan check and building permit fees; and place the ordinance on the next regular agenda for adoption.

BACKGROUND

At its November 7, 2012 meeting, the City Council considered a report proposing the reduction of plan checks and building permits fees and directed us to prepare an ordinance that codified the reduced fees. The proposed ordinance is attached.

The City's plan check and building permit fees are based on Los Angeles County's fee schedule. The City's code (BMC 15.04.030) requires the City to adopt the County's current fee schedule while increasing the fees by 50%. However, the City did not follow its code requirements for many years. In 2010, a decision was made to update the City's fees according to BMC 15.04.030.[1] (Prior to 2010, the City was using the County's 1998 fee schedule.)

The decision to adopt the latest County fee schedule and add 50%, per code, resulted in fee increases across the board. The minimum plan check fee, which is charged for small projects valued at $6,000 or below, was particularly impacted by the change. Overnight, the minimum plan check fee jumped from $91.20 to $216.60.

[1] In 2010, the City adopted L. A. County's 2010 schedule of fees. The County updates its schedule annually and its current 2012 schedule has higher fees than the 2010 schedule.

This increase resulted in numerous complaints from residents and business owners making minor property improvements. To address the public's concerns and determine the need for possible changes in the City's fee structure, an analysis was conducted of our minimum plan check fee as well as the City's overall plan check and building permit fees.

MINIMUM PLAN CHECK FEE

Currently, the City charges $216.60 for plan check for projects that are valued at $6,000 and below. Prior to the 2010 increase, the cost was $91.20. The $216.60 is the sum of the $144.40 flat minimum plan check fee used by the County plus the 50% increase as specified in the City's code. To get an idea of how Bell compares with other cities, a survey was conducted of 16 neighboring cities and found that the City's minimum plan check fee is by far the highest. See Table A below:

Table A

City	Minimum Plan Check Fee
Bell	**$216.60**
Maywood	$180.70
Huntington Park	$132.16
Signal Hill	$104.00
Long Beach	$103.00
Santa Fe Springs	$89.10
Cerritos	$82.60
Lakewood	$82.60
Bell Gardens	$77.10
South Gate	$63.00
Downey	$60.00
Paramount	$59.21
Cudahy	$56.25
Lynwood	$50.25
Norwalk	$45.00
Bellflower*	NA

**Bellflower does not separate its plan check fee from its permit fee.*

The City's plan check fee is especially burdensome for small projects. For instance, last year, an application for a patio cover project valued at $700 resulted in $420.34 of fees ($216.60 for plan check, $203.74 for building permit, planning, and other miscellaneous fees.)

Reduction - Minimum Plan Check Fee

To address complaints about the City's minimum plan check fee, the proposed ordinance would end the use of the flat $144.40 fee used by L.A. County and instead require the use the County's sliding fee schedule[2] which charges fees based on project valuation. Also, instead of the 50% multiplier, the proposed ordinance lowers it to 15%. The result is a reduction in the financial impact on residents and businesses wanting to conduct minor improvements. The following table compares the proposed minimum plan check fee with the current fee:

Table B

Valuation	Minimum Plan Check Fee		
	2010 L.A. County Sliding Schedule	Proposed Fee with 15% Increase	Current Fee ($144.40 + 50%)
$0 to $2,000	$78.60	$90.39	$216.60
$2,001 to $3,000	$80.84	$92.97	$216.60
$3,001 to $4,000	$94.61	$108.80	$216.60
$4,001 to $5,000	$108.38	$124.64	$216.60
$5,001 to $6,000	$122.15	$140.47	$216.60

This way, small projects valued at $2,000 and below would be assessed the minimum fee of $90.39. Also, projects between $2,001 and $6,000 in valuation are charged accordingly and much less than the current $216.60. As the following table shows, the $90.39 fee also puts the City in line with surrounding cities. See Table C.

[2] Although the L. A. County fee schedule specifies $144.40 as the minimum fee for plan check for projects $6,000 and below, it actually has a table of plan check fees based on valuations between $2,000 and $6,000. The County simply chooses not to use this portion of the table.

Table C

City	Minimum Plan Check Fee
Bell	**$216.60**
Maywood	$180.70
Huntington Park	$132.16
Signal Hill	$104.00
Long Beach	$103.00
Bell (proposed)	**$90.39**
Santa Fe Springs	$89.10
Cerritos	$82.60
Lakewood	$82.60
Bell Gardens	$77.10
South Gate	$63.00
Downey	$60.00
Paramount	$59.21
Cudahy	$56.25
Lynwood	$50.25
Norwalk	$45.00
Bellflower*	NA

**Bellflower does not separate its plan check fee from its permit fee.*

Fiscal Impact – Reduction in Minimum Plan Check Fee

To implement the proposed minimum fee structure, the ordinance removes the requirements that the City must match L.A. County's flat fee while increasing the fees by 50%. Instead, the proposed ordinance states that fee adjustments are at the discretion of the City Council. This way, the City will have maximum flexibility in setting its fees. For example, when the economy is slow, the City may choose not to increase its fees at all.

Simply changing the minimum plan check fee from $216.60 to the schedule above (Table B) without adjusting any other plan check or building permit fees will result in lower revenues for the City. The analysis used fiscal year 2012 data instead of 2013 data in order to utilize a full year of information. In fiscal year 2012, there were 54 permit applications that charged the minimum $216.60 for plan check. If the City had charged for plan check according to Table B (fee based on project valuation with 15% increase), the revenue decrease would have been $2,932. See table below:

Table D

# of Min. Plan Checks FY 12	Fee	Total Fees Collected
54	$216.60 (Current)	$11,696
54	Variable (Proposed 15%)	$5,457
	Gross Loss of Revenue (Diff)	$6,239
	53% Collected by PC Consultant	<$3,307>
	Est. Net Loss of Revenue (FY 2011-12)	**$2,932**

The City's projected plan check fee revenue for fiscal year 2013 is $45,000. If we apply the same percentage loss (12%) for fiscal year 2012 to 2013, it is estimated that the City's share of the loss in revenue would be $2,538. The table below shows the City's plan check fee revenues for the last few years.

Table E

Plan Check Fees

FY 2010 Actual	FY 2011 Actual	FY 2012 Estimate	FY 2013 Budget
$70,817	$61,725	$52,000	$45,000

OVERALL PLAN CHECK AND BUILDING PERMIT FEES

To see how the City of Bell's plan check and building permit fees compare with other cities, a survey was conducted of a number of neighboring cities. See Attachments 1 and 2. Since there are infinite variations in construction projects requiring city permits, we selected typical projects common in most cities for the survey. For example, we surveyed the cities on the permitting cost for a 500 square foot residential room addition and a 5,000 square foot retail space.

The City's residential fees generally fall within the highest 30% of the 16 cities surveyed. See table below.

Table F

Residential (16 Cities)	
Category	**Rank***
Building Permit	3
Plan Check	3
Electrical	2
Plumbing	4
Mechanical	3
Sewer	3
Grading	6
Issuance	3

Ranking of **1 equals highest fee*

The City's commercial fees generally fall within the highest 50% of the 16 cities surveyed. See table below.

Table G

Commercial (16 Cities)	
Category	**Rank***
Building Permit	8
Plan Check	6
Electrical	5
Plumbing	3
Mechanical	5
Sewer	2
Grading	6
Issuance	3

Ranking of **1 equals highest fee*

<u>Reduction - Overall Plan Check and Building Permit Fees</u>

The City's fees are among the highest on the residential side, while the commercial fees are closer to the middle of the group. The proposed ordinance would reduce all plan check and permit fees to help residents and businesses. For example, the ordinance lowers the increase on the L.A. County fees from 50% to 15%. This is what is proposed to fix the minimum plan check fee issue. By using the 15% multiplier, the City's fees would move toward the middle of the surveyed cities. See Attachments 3 and 4.

Lowering fees will affect the City's revenues. It is estimated that the overall reduction to both plan check and building permit fees for a full fiscal year would be approximately $52,574. *(See Attachment 5 for how this is calculated.)* However, the City contracts with Interwest Consulting Group for plan check and building permit services. Under the recently adopted agreement, the

contractor receives 95% of most building permit revenues and 53% of plan check revenues. Therefore, the revenue loss to the City would be $8,771. See table below.

Table H

	FY 2013 Budget	Revised	Revenue Reduction	City's Share
Plan Check Fees	$45,000	$30,375	$14,625	$6,874
Building Permit Fees	$162,870	$124,921	$37,949	$1,897
TOTAL	$207,870	$155,296	$52,574	$8,771

ENVIRONMENTAL ASSESSMENT

This project is exempt from the California Environmental Quality Act (CEQA) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and the activity is not a project as defined by CEQA Guidelines.

CONCLUSION

By reducing the plan check and building fees, the City will reduce the financial impact on residents wanting to improve their properties and will bring Bell's fee structure in line with surrounding communities. Furthermore, it will send a strong message to the business community that the City is serious about supporting the enhancement and expansion of local businesses.

ATTACHMENTS

1. Residential Fee Survey
2. Commercial Fee Survey
3. Residential Fee Survey with Proposed Changes
4. Commercial Fee Survey with Proposed Changes
5. Revenue Reduction Calculation
6. Proposed Ordinance No. 1191

ATTACHMENT 1

Residential Fee Survey

Fees for a 500 Square foot Residential Room Addition

Building Permit Fee			Plan Check Fee		
Long Beach	$	3,000.00	Long Beach	$	1,350.00
Huntington Park	$	1,323.42	Huntington Park	$	1,102.85
Bell	$	1,229.35	**Bell**	$	999.55
Cerritos	$	1,170.22	Lakewood	$	964.20
Bellflower (includes PC Fee)	$	1,166.00	Cerritos	$	964.17
Maywood	$	1,154.14	Santa Fe Springs	$	769.20
Lakewood	$	1,134.30	Paramount	$	701.70
Santa Fe Springs	$	959.70	Downey	$	671.50
Paramount	$	825.53	Cudahy	$	663.70
Lynwood	$	792.36	South Gate	$	576.94
Downey	$	790.00	Norwalk	$	575.30
Norwalk (issu fee $34)	$	741.75	Lynwood	$	515.03
South Gate (issu fee $26)	$	678.75	Compton	$	425.30
Cudahy	$	564.14	Maywood	$	375.99
Compton	$	502.35	Signal Hill	$	281.78
Signal Hill	$	331.50	Bellflower	included w/building	

Electrical
200 amp service upgrade permit fee

Long Beach	$	154.11
Bell	$	95.85
South Gate (issu fee $27)	$	84.00
Bellflower	$	75.00
Signal Hill	$	73.00
Santa Fe Springs	$	72.60
Cerritos	$	65.80
Norwalk	$	48.00
Huntington Park	$	44.00
Paramount	$	40.75
Lakewood	$	38.40
Lynwood	$	33.50
Downey	$	30.70
Cudahy	$	26.55
Compton	$	20.00
Maywood	$	15.80

Plumbing
Water heater replacement permit fee

Long Beach	$	154.11
Bellflower	$	75.00
Signal Hill	$	73.00
Bell	$	63.15
Santa Fe Springs	$	48.00
Cerritos	$	43.40
South Gate (issue fee $25)	$	43.00
Norwalk	$	32.00
Huntington Park	$	26.08
Paramount	$	16.70
Lakewood	$	16.00
Downey	$	15.10
Lynwood	$	15.02
Cudahy	$	11.60
Compton	$	9.00
Maywood	$	6.70

Mechanical
Wall heater changeout permit fee

Long Beach	$	154.11
Huntington Park	$	84.32
Bell	$	78.90
Bellflower	$	75.00
Signal Hill	$	73.00
Santa Fe Springs	$	59.90
South Gate (issu fee $29)	$	48.00
Norwalk	$	42.75
Paramount	$	40.75
Cerritos	$	38.00
Lakewood	$	26.80
Lynwood	$	25.62
Downey	$	21.40
Compton	$	15.00
Cudahy	$	11.60
Maywood	$	-

Sewer
House sewer line connection permit fee

Long Beach	$	154.11
Santa Fe Springs	$	132.80
Bell	$	107.55
Compton (existing line $15)	$	100.00
Huntington Park	$	75.84
Bellflower	$	75.00
Signal Hill	$	73.00
Cerritos	$	57.30
Norwalk	$	48.00
Paramount	$	46.75
Lakewood	$	46.50
South Gate (issu fee $25)	$	43.00
Downey	$	37.20
Cudahy	$	32.22
Lynwood	$	25.41
Maywood	$	12.40

Grading
51-100 cubic yds permit fee

Huntington Park	$	388.32
Maywood	$	298.26
Santa Fe Springs	$	291.80
Cerritos	$	265.30
Lakewood	$	237.90
Bell	$	231.00
Paramount	$	182.50
Downey	$	165.00
Cudahy	$	160.11
Signal Hill	$	60.00
Norwalk	$	55.25
Lynwood	$	42.74
South Gate	$	29.00
Bellflower	included w/building	
Long Beach	included w/building	
Compton	goes off valuation	

Issuance Fee
for each permit

Huntington Park	$	44.64
Lynwood	$	43.89
Bell	$	39.90
Norwalk	$	34.00
Santa Fe Springs	$	30.40
Downey	$	30.00
Cerritos	$	27.40
Lakewood	$	27.40
Compton (+$3.60 tax)	$	20.00
Paramount	$	19.20
Cudahy	$	19.08
Maywood	$	19.00
Signal Hill	$	10.00
South Gate	see permit fees	
Bellflower	included w/building	
Long Beach	part of permit ($44)	

ATTACHMENT 2

Commercial Fee Survey

Fees for a 5,000 Square Foot Retail Space

Building Permit Fee			Plan Check Fee		
Long Beach	$	26,500.00	Long Beach	$	11,000.00
Santa Fe Springs	$	7,349.20	Huntington Park	$	3,869.46
Maywood	$	6,449.38	South Gate	$	3,333.04
Bellflower (includes PC fee)	$	6,166.00	Santa Fe Springs	$	3,289.30
Huntington Park	$	4,552.30	Cerritos	$	3,283.91
Lynwood	$	4,162.99	**Bell**	$	3,249.21
Cerritos	$	3,978.19	Paramount	$	3,220.76
Bell	$	3,964.58	Lakewood	$	2,716.20
South Gate	$	3,922.50	Lynwood	$	2,705.94
Paramount	$	3,657.85	Downey	$	2,601.00
Lakewood	$	3,195.50	Norwalk	$	2,448.70
Downey	$	3,060.00	Maywood	$	2,089.87
Norwalk (issu fee $34)	$	2,910.25	Compton	$	1,900.09
Compton	$	2,197.75	Cudahy	$	1,873.77
Cudahy	$	1,592.71	Signal Hill	$	1,156.43
Signal Hill	$	1,360.50	Bellflower	included w/building	

Electrical
400 amp service upgrade permit fee

Santa Fe Springs (inc. $119.10 PC fee)	$	232.40
Huntington Park	$	176.80
Long Beach	$	154.11
South Gate	$	118.00
Bell	$	95.85
Paramount	$	82.35
Lakewood	$	75.40
Norwalk	$	73.75
Lynwood	$	71.61
Cerritos	$	65.80
Cudahy	$	52.29
Downey	$	30.70
Compton	$	30.00
Signal Hill	$	25.00
Maywood	$	15.80
Bellflower	included w/building	

Plumbing
Water heater replacement permit fee

Long Beach	$	154.11
Huntington Park	$	76.80
Bell	$	63.15
Cerritos	$	43.40
Norwalk (per fixture)	$	21.25
Santa Fe Springs	$	17.60
Paramount	$	16.70
Lakewood (per fixture)	$	16.00
Downey	$	15.10
Cudahy	$	11.16
Lynwood (per fixture)	$	10.40
Compton	$	9.00
South Gate (per fixture)	$	9.00
Maywood	$	6.70
Signal Hill	$	5.50
Bellflower	included w/building	

Mechanical
Wall heater change-out permit fee

South Gate	$	169.00
Long Beach	$	154.11
Huntington Park	$	110.50
Paramount	$	81.50
Bell	$	78.90
Norwalk	$	64.00
Santa Fe Springs	$	59.00
Cerritos	$	38.00
Lakewood	$	26.80
Downey	$	21.40
Lynwood	$	19.64
Compton	$	15.00
Cudahy	$	11.16
Signal Hill	$	10.00
Maywood	$	-
Bellflower	included w/building	

Sewer
Sewer line connection fee

Long Beach	$	154.11
Bell	$	107.55
Compton (existing line $15)	$	100.00
Santa Fe Springs	$	81.60
Huntington Park	$	75.84
Norwalk	$	72.00
South Gate	$	68.00
Cerritos	$	57.30
Paramount	$	46.75
Lakewood	$	46.50
Downey	$	37.20
Cudahy	$	32.22
Lynwood	$	25.41
Signal Hill	$	15.00
Maywood	$	12.40
Bellflower	included w/building	

Grading
51-100 cubic yards permit fee

Huntington Park	$	388.32
Maywood	$	298.26
Santa Fe Springs	$	291.80
Cerritos	$	265.30
Lakewood	$	237.90
Bell	$	231.00
Paramount	$	182.50
Downey	$	165.00
Cudahy	$	160.11
Signal Hill	$	60.00
Norwalk	$	55.25
Lynwood	$	42.74
South Gate	$	29.00
Long Beach	included w/building	
Bellflower	included w/building	
Compton	goes off valuation	

Issuance Fee
for each permit

Huntington Park	$	44.64
Lynwood	$	43.89
Bell	$	39.90
Norwalk	$	34.00
Santa Fe Springs	$	30.40
Downey	$	30.00
Cerritos (+green build fee $1)	$	27.40
Lakewood	$	27.40
Compton (+$3.60 tax)	$	20.00
Paramount	$	19.20
Cudahy	$	19.08
Maywood	$	19.00
Signal Hill	$	10.00
Bellflower	included w/building	
South Gate	see permit fees	
Long Beach	part of permit ($44)	

ATTACHMENT 3

Residential Fee Survey with Proposed Changes (23.3% decrease in fees)

Fees for a 500 Square foot Residential Room Addition

Building Permit Fee			Plan Check Fee		
Long Beach	$	3,000.00	Long Beach	$	1,350.00
Huntington Park	$	1,323.42	Huntington Park	$	1,102.85
Bell (current)	$	1,229.35	**Bell (current)**	$	999.55
Cerritos	$	1,170.22	Lakewood	$	964.20
Bellflower (includes PC Fee)	$	1,166.00	Cerritos	$	964.17
Maywood	$	1,154.14	Santa Fe Springs	$	769.20
Lakewood	$	1,134.30	**Bell (proposed)**	$	766.65
Santa Fe Springs	$	959.70	Paramount	$	701.70
Bell (proposed)	$	942.91	Downey	$	671.50
Paramount	$	825.53	Cudahy	$	663.70
Lynwood	$	792.36	South Gate	$	576.94
Downey	$	790.00	Norwalk	$	575.30
Norwalk (issu fee $34)	$	741.75	Lynwood	$	515.03
South Gate (issu fee $26)	$	678.75	Compton	$	425.30
Cudahy	$	564.14	Maywood	$	375.99
Compton	$	502.35	Signal Hill	$	281.78
Signal Hill	$	331.50	Bellflower	included w/building	

Electrical
200 amp service upgrade permit fee

Long Beach	$	154.11
Bell (current)	$	95.85
South Gate (issu fee $27)	$	84.00
Bellflower	$	75.00
Bell (proposed)	$	73.52
Signal Hill	$	73.00
Santa Fe Springs	$	72.60
Cerritos	$	65.80
Norwalk	$	48.00
Huntington Park	$	44.00
Paramount	$	40.75
Lakewood	$	38.40
Lynwood	$	33.50
Downey	$	30.70
Cudahy	$	26.55
Compton	$	20.00
Maywood	$	15.80

Plumbing
Water heater replacement permit fee

Long Beach	$	154.11
Bellflower	$	75.00
Signal Hill	$	73.00
Bell (current)	$	63.15
Bell (proposed)	$	48.44
Santa Fe Springs	$	48.00
Cerritos	$	43.40
South Gate (issue fee $25)	$	43.00
Norwalk	$	32.00
Huntington Park	$	26.08
Paramount	$	16.70
Lakewood	$	16.00
Downey	$	15.10
Lynwood	$	15.02
Cudahy	$	11.60
Compton	$	9.00
Maywood	$	6.70

Mechanical
Wall heater changeout permit fee

Long Beach	$	154.11
Huntington Park	$	84.32
Bell (current)	$	78.90
Bellflower	$	75.00
Signal Hill	$	73.00
Bell (proposed)	$	60.52
Santa Fe Springs	$	59.90
South Gate (issu fee $29)	$	48.00
Norwalk	$	42.75
Paramount	$	40.75
Cerritos	$	38.00
Lakewood	$	26.80
Lynwood	$	25.62
Downey	$	21.40
Compton	$	15.00
Cudahy	$	11.60
Maywood	$	-

Sewer
House sewer line connection permit fee

Long Beach	$	154.11
Santa Fe Springs	$	132.80
Bell (current)	$	107.55
Compton (existing line $15)	$	100.00
Bell (proposed)	$	82.49
Huntington Park	$	75.84
Bellflower	$	75.00
Signal Hill	$	73.00
Cerritos	$	57.30
Norwalk	$	48.00
Paramount	$	46.75
Lakewood	$	46.50
South Gate (issu fee $25)	$	43.00
Downey	$	37.20
Cudahy	$	32.22
Lynwood	$	25.41
Maywood	$	12.40

Grading
51-100 cubic yds permit fee

Huntington Park	$	388.32
Maywood	$	298.26
Santa Fe Springs	$	291.80
Cerritos	$	265.30
Lakewood	$	237.90
Bell (current)	$	231.00
Paramount	$	182.50
Bell (proposed)	$	177.18
Downey	$	165.00
Cudahy	$	160.11
Signal Hill	$	60.00
Norwalk	$	55.25
Lynwood	$	42.74
South Gate	$	29.00
Bellflower	included w/building	
Long Beach	included w/building	
Compton	goes off valuation	

Issuance Fee
for each permit

Huntington Park	$	44.64
Lynwood	$	43.89
Bell (current)	$	39.90
Norwalk	$	34.00
Bell (proposed)	$	30.60
Santa Fe Springs	$	30.40
Downey	$	30.00
Cerritos	$	27.40
Lakewood	$	27.40
Compton (+$3.60 tax)	$	20.00
Paramount	$	19.20
Cudahy	$	19.08
Maywood	$	19.00
Signal Hill	$	10.00
South Gate	see permit fees	
Bellflower	included w/building	
Long Beach	part of permit ($44)	

ATTACHMENT 4

Commercial Fee Survey with Proposed Changes (23.3% decrease)

Fees for a 5,000 Square Foot Retail Space

Building Permit Fee			Plan Check Fee		
Long Beach	$	26,500.00	Long Beach	$	11,000.00
Santa Fe Springs	$	7,349.20	Huntington Park	$	3,869.46
Maywood	$	6,449.38	South Gate	$	3,333.04
Bellflower (includes PC fee)	$	6,166.00	Santa Fe Springs	$	3,289.30
Huntington Park	$	4,552.30	Cerritos	$	3,283.91
Lynwood	$	4,162.99	Bell (current)	$	3,249.21
Cerritos	$	3,978.19	Paramount	$	3,220.76
Bell (current)	$	3,964.58	Lakewood	$	2,716.20
South Gate	$	3,922.50	Lynwood	$	2,705.94
Paramount	$	3,657.85	Downey	$	2,601.00
Lakewood	$	3,195.50	Bell (proposed)	$	2,492.14
Downey	$	3,060.00	Norwalk	$	2,448.70
Bell (proposed)	$	3,040.83	Maywood	$	2,089.87
Norwalk (issu fee $34)	$	2,910.25	Compton	$	1,900.09
Compton	$	2,197.75	Cudahy	$	1,873.77
Cudahy	$	1,592.71	Signal Hill	$	1,156.43
Signal Hill	$	1,360.50	Bellflower	included w/building	

Electrical
400 amp service upgrade permit fee

Santa Fe Springs (inc. $119.10 PC fee)	$	232.40
Huntington Park	$	176.80
Long Beach	$	154.11
South Gate	$	118.00
Bell (current)	$	95.85
Paramount	$	82.35
Lakewood	$	75.40
Norwalk	$	73.75
Bell (proposed)	$	73.52
Lynwood	$	71.61
Cerritos	$	65.80
Cudahy	$	52.29
Downey	$	30.70
Compton	$	30.00
Signal Hill	$	25.00
Maywood	$	15.80
Bellflower	included w/building	

Plumbing
Water heater replacement permit fee

Long Beach	$	154.11
Huntington Park	$	76.80
Bell (current)	$	63.15
Bell (proposed)	$	48.44
Cerritos	$	43.40
Norwalk (per fixture)	$	21.25
Santa Fe Springs	$	17.60
Paramount	$	16.70
Lakewood (per fixture)	$	16.00
Downey	$	15.10
Cudahy	$	11.16
Lynwood (per fixture)	$	10.40
Compton	$	9.00
South Gate (per fixture)	$	9.00
Maywood	$	6.70
Signal Hill	$	5.50
Bellflower	included w/building	

Mechanical
Wall heater change-out permit fee

South Gate	$	169.00
Long Beach	$	154.11
Huntington Park	$	110.50
Paramount	$	81.50
Bell (current)	$	78.90
Norwalk	$	64.00
Bell (proposed)	$	60.52
Santa Fe Springs	$	59.00
Cerritos	$	38.00
Lakewood	$	26.80
Downey	$	21.40
Lynwood	$	19.64
Compton	$	15.00
Cudahy	$	11.16
Signal Hill	$	10.00
Maywood	$	-
Bellflower	included w/building	

Sewer
Sewer line connection fee

Long Beach	$	154.11
Bell (current)	$	107.55
Compton (existing line $15)	$	100.00
Bell (proposed)	$	82.49
Santa Fe Springs	$	81.60
Huntington Park	$	75.84
Norwalk	$	72.00
South Gate	$	68.00
Cerritos	$	57.30
Paramount	$	46.75
Lakewood	$	46.50
Downey	$	37.20
Cudahy	$	32.22
Lynwood	$	25.41
Signal Hill	$	15.00
Maywood	$	12.40
Bellflower	included w/building	

Grading
51-100 cubic yards permit fee

Huntington Park	$	388.32
Maywood	$	298.26
Santa Fe Springs	$	291.80
Cerritos	$	265.30
Lakewood	$	237.90
Bell (current)	$	231.00
Paramount	$	182.50
Bell (proposed)	$	177.18
Downey	$	165.00
Cudahy	$	160.11
Signal Hill	$	60.00
Norwalk	$	55.25
Lynwood	$	42.74
South Gate	$	29.00
Long Beach	included w/building	
Bellflower	included w/building	
Compton	goes off valuation	

Issuance Fee
for each permit

Huntington Park	$	44.64
Lynwood	$	43.89
Bell (current)	$	39.90
Norwalk	$	34.00
Bell (proposed)	$	30.60
Santa Fe Springs	$	30.40
Downey	$	30.00
Cerritos (+green build fee $1)	$	27.40
Lakewood	$	27.40
Compton (+$3.60 tax)	$	20.00
Paramount	$	19.20
Cudahy	$	19.08
Maywood	$	19.00
Signal Hill	$	10.00
Bellflower	included w/building	
South Gate	see permit fees	
Long Beach	part of permit ($44)	

ATTACHMENT 5

Revenue Reduction Calculation

Since we are proposing to reduce the multiplier from 50% to 15%, we can calculate the revenue reduction using this basis. The change in multiplier would result in a 23.3% reduction in revenues. See table below.

Amount	Multiplier	Revised
100	50%	150
100	15%	115
	Reduction	35
	% Reduction	**23.3%**

To get a good estimate of the revenue impact of reducing the City's plan check and building permit fees, we analyzed data from the last complete fiscal year (FY 2012) instead of the current fiscal year.

The calculation below assumes the use of the 15% multiplier plus the use of L.A. County's 2010 valuation table for projects below $6,000 to fix the minimum plan check fee issue.

For fiscal year 2012, the budget estimate for building permit fee revenues is $185,730 and for plan check it is $52,000. For plan check fees, we calculate that the proposed changes would result in a 32.5% reduction. See table below.

FY 2012 Plan Check Fee Reduction

Budget Estimate	$52,000.00
Revenue decrease for projects valued less than $6,000*	$6,238.60
Remainder	$45,761.40
Revenue decrease for projects Valued over $6,000**	$10,662.41
Total Revenue Reduction	$16,901.01
Reduction Percentage	**32.5%**

**Use valuation table for projects less than $6,000 in valuation and reduce multiplier from 50% to 15% for these same projects – based on 54 actual FY 2012 projects*

***Reduce multiplier for projects greater than $6,000 from 50% to 15% (i.e., 23.3% reduction)*

For building permit fees, we calculate that the proposed changes would result in a 23.3% reduction. See table below.

FY 2012 Building Permit Fee Reduction

Budget Estimate	$185,730.00
Reduce multiplier to 15%*	$142,454.91
Revenue Reduction	$43,275.09
Reduction Percentage	**23.3%**

Next we use these percentages and apply them to fiscal year 2013. See table below.

	FY 2013 Budget	Reduction Percentage	Revised	Revenue Reduction
Plan Check Fees	$45,000	32.5%	$30,375	$14,625
Building Permit Fees	$162,870	23.3%	$124,921	$37,949
TOTAL	$207,870		$155,296	$52,574

Since the City contracts with Interwest for plan check and building permit services, the revenue reduction to the City is estimated at $8,771. The contractor gets 53% of all plan check fees and 95% of almost all building permit fees*. See table below.

	Revenue Reduction	Contractor's Share	City's Share
Plan Check Fees	$14,625	$7,751	$6,874
Building Permit Fees	$37,949	$36,051	$1,897
TOTAL	$52,574	$43,803	$8,771

**Under the recently adopted agreement, Interwest is entitled to 95% of the building permit fees for any project less than $100,000. Between $100,000 to $200,000, the percentage goes down to 80%. The City rarely has projects that exceed $100,000 in fees. Therefore, it is safe to use the 95% in the calculation.*

CITY OF BELL
LOS ANGELES COUNTY, CALIFORNIA

ORDINANCE NO. 1191

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL AMENDING SECTION 15.04.030 OF TITLE 15 OF THE BELL MUNICIPAL CODE REGARDING PLAN CHECK AND BUILDING PERMIT FEES

WHEREAS, the City of Bell's Municipal Code currently requires the City to adopt fees exceeding the County of Los Angeles' fee schedule by 50%; and

WHEREAS, the City desires to implement a flexible fee schedule consistent with surrounding communities; and

WHEREAS, the City supports enhancing and expanding local businesses.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELL DOES ORDAIN AS FOLLOWS:

Section 1: § 15.04.030 of the Bell Municipal Code is hereby amended to read as follows:

A. The City shall adopt the fee schedule titled "Building Permit and Plan Checking Fees for Unincorporated County Area" ("DPW Fee Schedule") set by the Los Angeles County Department of Public Works dated July 1, 2010, as the City's fee schedule for the building permit fees and plan check fees, except that: 1) the City shall increase the amount of each and all such fees and charges to an amount equal to 115 percent of the amount charged for the same services and permits by the County of Los Angeles; 2) the City shall use the DPW Fee Schedule's valuation table for *all* plan check fees, as modified by subsection A above, except that the City shall not use the minimum plan check fee for Standard Plan as set forth in the DPW Fee Schedule for its plan check fees.

B. The City's fees and charges as adopted by subsection A of this section shall not increase in the event the County of Los Angeles increases its fees and charges. Future adjustments in fees and charges shall be at the discretion of the City Council.

Section 3: Severability. The City Council hereby declares that the provisions of this chapter are reversible and if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not affect the validation of the remaining parts of this Ordinance.

Section 4: Except as specifically amended or restated in this Ordinance, all other provisions of Chapter 15.04, of Title 15 of the Bell Municipal Code shall remain in full force and effect.

Section 5: Effective Date. This Ordinance shall take effect thirty days after its adoption. The City Clerk or his/her duly appointed deputy shall certify to the adoption of this Ordinance to be published as required by law.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Bell, California, this _____ day of _____, 2012.

CITYOF BELL:

_____
Ali Saleh, Mayor

ATTEST:

CITY OF BELL

_____
Rebecca Valdez, CMC, City Clerk

APPROVED AS TO FORM
AND LEGAL CONTENT:

ALESHIRE & WYNDER, LLP

_____
Dave Aleshire, City Attorney

CERTIFICATION

I, Rebecca Valdez, City Clerk of the City of Bell, California, do hereby certify that Ordinance No. 1191 was duly introduced at a regular meeting of the City Council of the City of Bell, held on the 5th day of December, 2012, and was duly adopted at a regular meeting of said City Council on the ____ day of _____, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Rebecca Valdez, CMC, City Clerk

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Joe Perez, Community Development Director

APPROVED BY:

Doug Willmore, City Manager

SUBJECT: Ordinance No. 1190: Municipal Code Amendment - Special Event Sales Permits and Temporary Advertising Devices

RECOMMENDED ACTION

It is recommended that the City Council read by title only, waive further reading, and introduce Ordinance No. 1190 adding Chapter 5.54 of the Bell Municipal Code regarding special event sales, grand openings and temporary advertising devices, and amending Sections 5.56.020 through 5.56.070 regarding temporary use permits; and place the ordinance on the next regular agenda for adoption.

BACKGROUND

At its November 7, 2012 meeting, the City Council considered a report proposing the creation of a no-fee special event sales permit for businesses and directed us to prepare an ordinance regarding special event sales and temporary advertising devices. The proposed ordinance is attached.

Businesses hold special event sales for a variety of reasons including increasing visibility of their business, clearance of merchandise, and promotion of new goods and services. For new businesses, it is common to conduct grand opening events to build a customer base. These events often involve the display of merchandise using outdoor exhibits as well as the use of temporary advertising devices such as banners, signs and flags.

Businesses wanting to hold special event sales in Bell must obtain a Temporary Use Permit (TUP) from the City. A business must come up with $672 to obtain a TUP which includes a $100 filing fee, a $72 license fee, and a $500 deposit. The cost of obtaining a TUP for a special event sale has been an obstacle for businesses, many of which are small to medium sized enterprises. Approximately 10 TUPs for special event sales are processed in Bell each year.

To address the concerns of Bell's business community and to create a more business-friendly environment, the proposed ordinance allows for a no-fee permit for special event sales and grand openings. The TUP will still be required for more intensive activities such as circuses, carnivals, fairs and public demonstrations.

SPECIAL EVENT SALES - SURVEY

As part of our analysis, we conducted a survey of surrounding cities to determine how Bell compares in regards to fees and regulations for special event sales (survey attached). Fees ranged from no-cost on the low end and up to $250 charged by Downey. Of the 15 cities surveyed, Bell has the fourth highest fee amount ($172) and is the only City that charges a deposit ($500) for a special event sale permit. If the deposit is included, Bell charges by far the highest amount for such events ($672).

As for number of days allowed for special event sales, cities ranged from allowing a total of 3 days per year (Santa Fe Springs) up to 6 months (Cerritos). Bell currently allows businesses to hold up to seven days per year for special event sales. In regards to the number of "events" allowed by each city, most cities allow one to 10 events per year.

All of the surveyed cities allow the use of temporary signs in conjunction with special sales events.

PROPOSED SPECIAL EVENT SALES ORDINANCE

To reduce the financial burden for Bell's businesses to hold special event sales while ensuring that the public will not be negatively impacted by such events, the proposed ordinance includes the following provisions:

Special Event Sales/Grand Opening Events

Businesses could hold up to 5 special event sales, with a maximum of 20 days per year, compared to the seven days per year currently allowed by our code. Businesses could also hold one grand opening event, up to 30 consecutive days, when it opens or there is a change in ownership.

Business owners would be required to receive approval from the City and the property owner prior to the event. Since the permit application would require basic information such as dates, times, location, site layout and advertising devices to be used, the amount of time for City review and approval will be negligible. Therefore, there will be no charge for either a special event sale or grand opening permit.

All sales would have to take place on private property and obstruction of pedestrian or traffic flow would be prohibited. In addition, all merchandise, equipment and trash would have to be removed by 9 am on the day following the event.

Temporary Advertising Devices

Included in the proposed ordinance are provisions allowing the use of temporary advertising devices in conjunction with special event sales and grand openings. These devices include banners, balloons, pennants, etc., all of which must be approved by the City prior to installation.

OTHER CHANGES - TEMPORARY USE PERMITS

Since temporary sales activities are being removed from the section of the code dealing with Temporary Use Permits (TUPs), we identified a few additional proposed changes to this section of the code. First, the sections stating that the Chief Administrative Officer shall issue or suspend a TUP have been modified in the proposed ordinance so that the Director of Community Development will now have the responsibility to issue or suspend TUPs.

Secondly, the code currently requires a TUP for temporary use of sandblasting equipment. Since the cost and process involved in obtaining a TUP is excessive for the temporary use of this type of equipment, the proposed ordinance eliminates the TUP requirement.

PUBLIC INFORMATION EFFORTS

As Bell continues to become increasingly business-friendly in its policies and practices, it is important that the public, including the business community, be informed of positive changes being implemented by City. Therefore, we will use all appropriate media tools, including communications with the Bell Chamber of Commerce, local newspapers and the City's website to inform residents and businesses of the new policy.

ENVIRONMENTAL ASSESSMENT

This project is exempt from the California Environmental Quality Act (CEQA) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and the activity is not a project as defined by CEQA Guidelines.

FISCAL IMPACT

Since the City processes only about 10 permits per year for special event sales, it is anticipated that the loss of revenue due to a no-fee permit process will be approximately $1,720 per year. The benefits of a no-fee permit process to the business community will more than offset the negligible amount of reduced revenues to the City.

ATTACHMENTS

1. Survey - Special Event Sales/Grand Opening Permit
2. Ordinance No. 1190

Special Event Sale/Grand Opening Permit Survey

	Special Event Permit Required	Permit Fee	Deposit	Temporary Signs Allowed	# of Events	Days allowed per Event	Total # of Days Allowed
Downey	Yes	$ 250.00		Yes	1	30	30
Norwalk	Yes	$ 199.00		Yes	3	4	12
Maywood	Yes	$ 194.00		Yes	no policy	no policy	no policy
Bell	**Yes**	**$ 172.00**	**$ 500.00**	**Yes**	**n/a**	**7**	**7**
Bell Gardens	Yes	$ 136.00		Yes	5	1	5
Bellflower	Yes	$ 125.00		Yes	1	30	30
South Gate	Yes	$ 100.00		Yes	10	2	10
Cudahy	Yes	$ 60.00		Yes	4	up to 15	15
Cerritos	Yes	$ 50.00		Yes	4	up to 6 months	6 months
Huntington Park	Yes	$ 50.00		Yes	2	up to 7	7
Signal Hill	Yes	$ 50.00		Yes	n/a	n/a	n/a
Paramount	Yes	n/a		Yes	1 Grand Open - n/a for Special Event	30 Grand Open/20 Special Event	30 Grand Open/20 Special Event
Santa Fe Springs	Yes	n/a		Yes	n/a	3	3
Lakewood	No	n/a		Yes	n/a	n/a	n/a
Lynwood	Yes	n/a		yes	2	30	60

CITY OF BELL
LOS ANGELES COUNTY, CALIFORNIA

ORDINANCE NO. 1190

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL ADDING CHAPTER 5.54 TO TITLE 5, DIVISION II OF THE BELL MUNICIPAL CODE REGARDING SPECIAL EVENT SALES, GRAND OPENINGS, AND TEMPORARY ADVERTISING DEVICES; AND AMENDING SECTIONS 5.56.020 THROUGH 5.56.070 OF TITLE 5, DIVISION II, CHAPTER 5.56 REGARDING TEMPORARY USE PERMITS

WHEREAS, businesses in the City of Bell desire to hold special event sales to increase business activity; and

WHEREAS, businesses additionally desire to hold grand opening events, for the purpose of building customer bases and increasing business activity; and

WHEREAS, said special event sales and grand opening events are beneficial to the City because they increase business activity and attract new businesses to the City; and

WHEREAS, currently, businesses must obtain temporary use permits from the City under Chapter 5.56, costing $172 in addition to a $500 deposit; and

WHEREAS, Chapter 5.56 currently allows businesses to hold special event sales for up to seven days per year; and

WHEREAS, said costs and restrictions are among the most prohibitive of surrounding cities.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELL DOES ORDAIN AS FOLLOWS:

Section 1: Chapter 5.54, "Special Event Sales and Grand Openings," is added to the Bell Municipal Code, to read as follows:

5.54.010 Definitions.

For the purposes of this Chapter 5.54, the following terms shall be defined as follows:

A. "Special Event Sales" are outdoor exhibits and/or sales of equipment, goods or merchandise if conducted as an integral part of a business for which a valid business license has been issued.

B. "Grand Openings" are events commemorating the opening of a business for which a valid business license has been issued, or the change of ownership of a business for which a valid business license has been issued.

C. "Events" are Grand Openings and Special Event Sales.

5.54.020 Permit Application Process.

A. No Event may be conducted without first obtaining a permit from the Director of Community Development. There shall be no fee for applying for or obtaining the permit.

B. In order to obtain a permit, an applicant must file an application with the Director of Community Development, which will be available at the City Hall. Applications shall set forth, at a minimum, the following information:

1. Dates, times, and duration of the Event; and
2. Location of the Event; and
3. Site layout of the Event; and
4. Description of advertising devices to be used.

C. If the applicant does not own the property upon which the Event will be conducted, the applicant must also submit with the application signed written consent of the property owner, property manager, or his/her designee. Said written consent must include the dates, duration, times, location, site layout, and advertising devices to be used for the Event.

D. The Director of Community Development shall have the power to impose reasonable conditions upon the issuance of such permits to ensure the preservation of the public peace, safety, health and general welfare, and to ensure that the activity will not be injurious or detrimental to property located in the immediate vicinity of the proposed location for the activity.

E. The Director of Community Development shall only permit Events that, in the opinion of the Director of Community Development:

1. Will not obstruct the orderly flow of pedestrian traffic in or about existing store areas; and
2. Will not obstruct or hinder the orderly movement of vehicular traffic or emergency vehicles; and
3. Will not obstruct or hinder access to any surrounding businesses or structures; and
4. Will not be conducted on any portion of the public sidewalk, alley, or street; and
5. Will be conducted in a manner compatible with the preservation of the public peace, safety, health and general welfare, and will not be injurious or detrimental to property located in the immediate vicinity of the proposed location of the activity.

5.54.030 Conduct of Events.

A. The permit holder or his/her designee must ensure that the Event at all times complies with the provisions in subsection 5.54.020(E) above.

B. The merchandise, goods and equipment to be sold at the Event shall be integral to the business and consistent with merchandise, goods and equipment sold on a regular basis by the business holding the Event.

C. The property upon which the Event is conducted shall be cleared of all stock in trade, merchandise equipment and trash by 9:00 a.m. on the day immediately following termination of said Event.

5.54.040 Temporary Advertising Devices.

Temporary advertising devices may be permitted only in conjunction with an Event holding a permit described above in Section 5.54.030, and subject to the conditions as set forth below:

A. Temporary advertising devices shall include, but not be limited to, banners, balloons, flags, pennants, valances or advertising display constructed of cloth, canvas, light fabric, cardboard, wallboard, plywood, or other light material, as well as any mechanical, audible, inflatable or animated statuary device.

B. All temporary advertising devices shall be approved by the Director of Community Development prior to their installation.

C. All temporary advertising devices shall be used in a manner that will preserve the public peace, safety, health, and general welfare, and in conformance with any relevant zoning ordinances.

5.54.050 Limitation on number and duration of Events.

A. Subject to the provisions of this Chapter, no more than 20 days in total in each calendar year shall be devoted to Special Event Sales per each valid business license. Excess days resulting from special event sales of lesser duration than the limits established by this ordinance may not be utilized during Special Event Sales in any subsequent calendar year.

B. Subject to the provisions of this Chapter, a Grand Opening shall be limited to a maximum of 30 days per calendar year per location as stated on the business license. A business owner of multiple businesses may not carry over excess days from one location to the Grand Opening of another location.

5.54.060 Suspension of Permit; Damages.

A. The Community Development Director shall have the power to suspend any permit if he/she finds that the permit holder, or any party acting on behalf of the permit holder or the Event, has:

1. Violated any condition imposed upon the permit; or
2. Violated any provision of this Code; or

3. Is, by the actual conduct of the Event, threatening the preservation of the public peace, safety, health or general welfare, or unreasonably interfering with the use and enjoyment of other property in the immediate vicinity of the activity.

B. If a permit is suspended, the Director of Community Development, or his or her designee, shall notify the permit holder or his or her designee. The suspension shall take effect immediately upon the permit holder's receipt of such notice.

C. The permit holder shall be liable to the City for any damages to public property resulting from the Event for which the permit was issued.

Section 2: Chapter 5.56 of the Bell Municipal Code is amended as follows:

1. §5.56.020(A) is amended to read as follows:

5.56.020 Activities requiring permit enumerated.

A. No person shall sponsor, participate or engage in any of the following enumerated activities without first obtaining a temporary use permit therefor issued by the Director of Community Development:

1. Circuses; and
2. Carnivals; and
3. Fairs; and
4. Aircraft and helicopter landings and demonstrations, parachutist demonstrations; and
5. Public demonstrations or gathering of more than twenty-five (25) people for commercial purposes.

2. §§5.56.030-5.56.070 are amended to strike out the term "chief administrative officer" anywhere it appears and replace with "Director of Community Development."

Section 3: Severability. The City Council hereby declares that the provisions of this chapter are reversible and if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not affect the validation of the remaining parts of this Ordinance.

Section 4: Except as specifically amended or restated in this Ordinance, all other provisions of Division II, of Title 5 of the Bell Municipal Code shall remain in full force and effect.

Section 5: Effective Date. This Ordinance shall take effect thirty days after its adoption. The City Clerk or his/her duly appointed deputy shall certify to the adoption of this Ordinance to be published as required by law.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Bell, California, this _____ day of _____, 2012.

CITYOF BELL:

_____
Ali Saleh, Mayor

ATTEST:

CITY OF BELL

_____
Rebecca Valdez, CMC, City Clerk

APPROVED AS TO FORM
AND LEGAL CONTENT:

ALESHIRE & WYNDER, LLP

_____
Dave Aleshire, City Attorney

CERTIFICATION

I, Rebecca Valdez, City Clerk of the City of Bell, California, do hereby certify that Ordinance No. 1190 was duly introduced at a regular meeting of the City Council of the City of Bell, held on the 5th day of December, 2012, and was duly adopted at a regular meeting of said City Council on the ____ day of _____, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Rebecca Valdez, CMC, City Clerk

City of Bell
Agenda Report

Date: December 5, 2012

TO: Mayor and Members of City Council

FROM: Terry Rodrigue P.E., City Engineer

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Resolution No. 2012-80: Approval of Subdivision Agreement for Offsite Improvements for Parcel Map 71920 located on the north side of Bandini Boulevard between Pennington Way and Yeager Way

RECOMMENDED ACTION

It is recommended that the City Council adopt Resolution No. 2012-80 approving a subdivision agreement for offsite improvements for Parcel Map 71920 between the City of Bell and First Industrial, L.P., and authorizing the City Manager to execute the agreement.

BACKGROUND

Parcel Map 71920 is a single subdivision of 21.26 acres, approved by the City Council on May 16, 2012 for the development of industrial purposes per Resolution No. 2012-44-PC. The subject project is located at the northeast corner of Bandini Boulevard and Pennington Way (See Exhibit "A") and consists of a 490,000 square foot distribution warehouse and support office. The proposed building is located in the City of Bell with the most westerly portion of the project development, consisting primarily of parking, located in the City of Vernon.

On November 7, 2012, the City Council approved Resolution No. 2012-77authorizing a subdivision agreement with First Industrial for grading, drainage and demolition on the property. In order to continue to expedite the construction of the development, the developer wishes to obtain a permit for construction of offsite improvements. These include improvements to publicly owned streets, storm drain, landscaping, traffic signals, water and sewer facilities. The plans have been submitted to and approved by the City's Engineering and Building Departments. The plans for offsite improvements are in compliance with the approved tentative parcel map approved by City Council together with conditions submitted by the City of Vernon.

The attached Subdivision Agreement for the offsite improvements has been prepared in order to ensure the improvements are constructed in a proper and timely manner. Once final plans for the balance of the onsite improvements are completed, a subsequent Subdivision Agreement for the remaining on site improvements will be brought to City Council. In addition to the attached agreement, First Industrial, L.P., a Delaware limited partnership will post several bonds to ensure construction of facilities. This represents a

Faithful Performance Bond in the amount of $595,120.50 (%150 of the cost of construction), a Labor and Materials Bond in the amount of $595,120.50 (%150 of the cost of construction), and a Monumentation Bond in the amount of $20,000 for a total aggregate amount of $1,210,141.

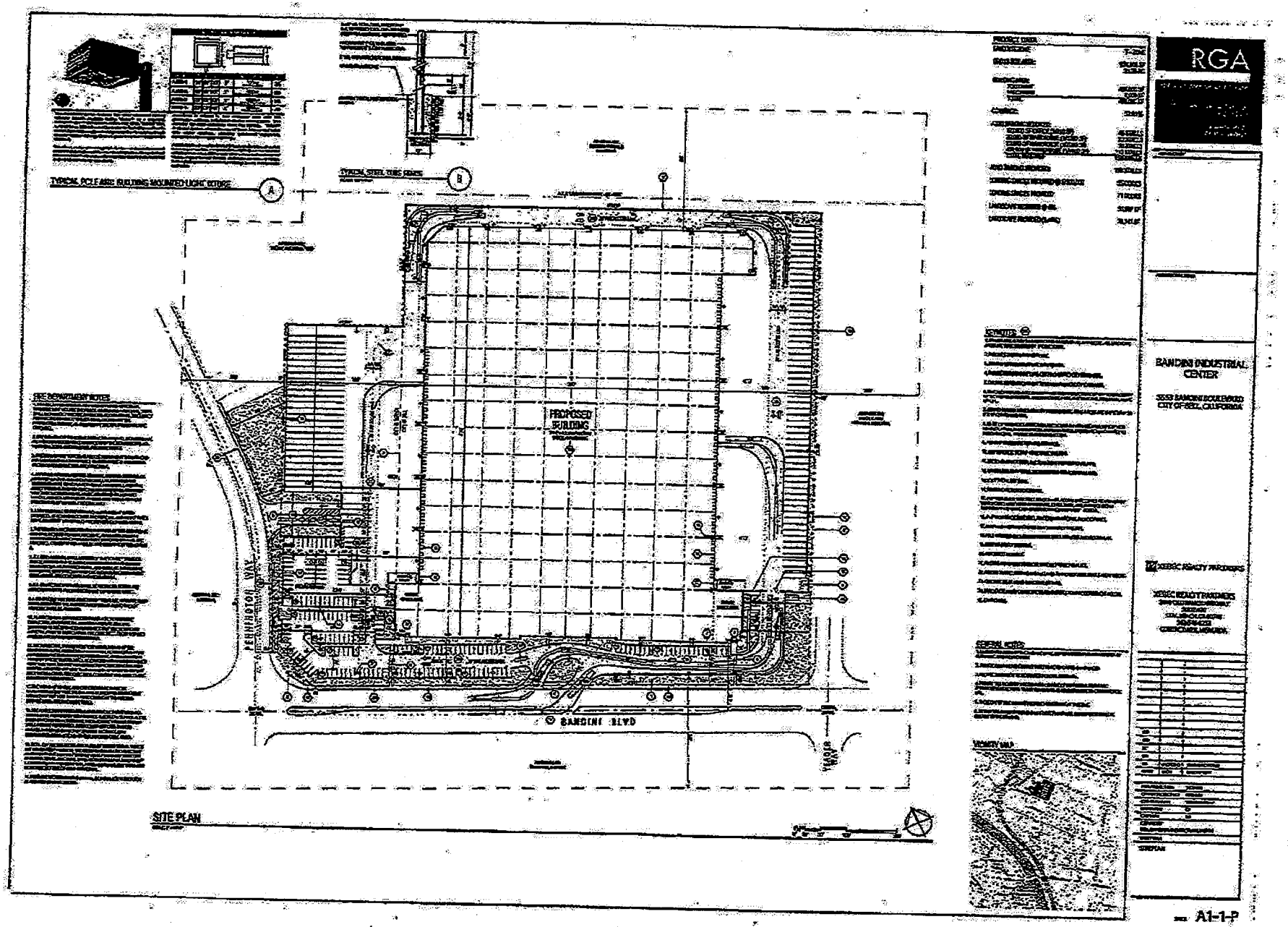
FISCAL IMPACT

All City costs related to processing, reviewing and inspecting this project will be paid by the developer.

ATTACHEMENTS

1. Site Map
2. Offsite Plans
3. Subdivision Agreement
4. Resolution 2012-80 Approving Subdivision Agreement

64


RGA
BANDINI INDUSTRIAL CENTER
3553 BANDINI BOULEVARD
CITY OF REF, CALIFORNIA
PROPOSED BUILDING
BANDINI BLVD
PENNINGTON WAY
SITE PLAN
A1-1-P

ATTACHMENT 1

STREET IMPROVEMENT PLANS FOR PARCEL MAP 71920

GRADING NOTES:

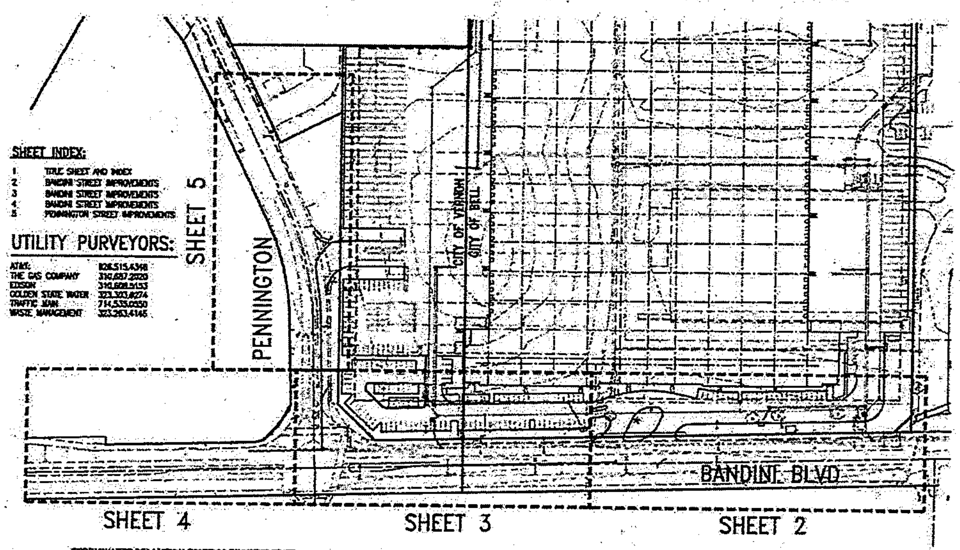
1. THESE DRAWINGS AND THE DATA HEREIN SHALL BE A PART OF THE SPECIFICATIONS.
2. WORK SHALL BE DONE IN ACCORDANCE WITH THE CITY OF BELL AND VERNON. STANDARD DRAWINGS, STANDARD SPECIAL PROVISIONS, SPECIAL PROJECT PROVISIONS AND STANDARD SPECIFICATIONS FOR PUBLIC WORKS CONSTRUCTION, LATEST EDITION WITH SUPPLEMENTS. GENERAL NOTES SHALL BE APPROVED BY THE ENGINEER.
3. MATERIALS AND METHODS SHALL BE SUBJECT TO APPROVAL BY THE ENGINEER.
4. HOURS OF OPERATION SHALL BE FROM 6:00 AM TO 7:00 PM, MONDAY THROUGH FRIDAY. OTHER HOURS SHALL REQUIRE WRITTEN AUTHORIZATION FROM THE CITY ENGINEER OR CITY BUILDING OFFICIAL.
5. INSPECTION SHALL BE CALLED FOR THROUGH THE CITY AT (323) 588-6211, 48 HOURS PRIOR TO STARTING WORK.
6. PRIOR TO THE CONSTRUCTION WORK, ALL CONTRACTORS, INCLUDING SUBCONTRACTORS, SHALL OBTAIN A CITY BUSINESS LICENSE AND AN ENCROACHMENT PERMIT.
7. STATE LAW SB 3019 REQUIRES THE CONTRACTOR TO OBTAIN AN IDENTIFICATION NUMBER FROM UNDERGROUND SERVICE ALERT PRIOR TO THE ISSUANCE OF A CITY ENCROACHMENT PERMIT. THE CONTRACTOR SHALL NOTIFY UNDERGROUND SERVICE ALERT TWO FULL WORKING DAYS (48 HOURS MINIMUM) IN ADVANCE OF ANY CONSTRUCTION ACTIVITIES, INCLUDING PAVEMENT REMOVAL, EXCAVATION AND A.C. OVERLAY, WHICH COULD AFFECT ANY UNDERGROUND UTILITY.
8. ANY CONTRACTOR PERFORMING WORK ON THIS PROJECT SHALL FAMILIARIZE HIMSELF WITH THE SITE AND SHALL BE RESPONSIBLE FOR ANY DAMAGE TO EXISTING FACILITIES RESULTING DIRECTLY OR INDIRECTLY FROM HIS OPERATIONS, WHETHER OR NOT SUCH FACILITIES ARE SHOWN ON THE PLANS.
9. PRIOR TO ANY CONSTRUCTION WORK WHICH COULD DAMAGE OR CONFLICT WITH UNDERGROUND STRUCTURES OR UTILITIES, THE CONTRACTOR SHALL EXCAVATE INSPECTION HOLES TO DETERMINE THE LOCATION AND DEPTH OF SAID STRUCTURES AND UTILITIES IN THE VICINITY OF, OR WHICH MAY BE AFFECTED BY, THE PROPOSED IMPROVEMENT WORK.
10. IF EXISTING UTILITIES OR OTHER FACILITIES CONFLICT WITH THE PROPOSED IMPROVEMENTS, WORK SHALL STOP AND THE ENGINEER NOTIFIED IMMEDIATELY.
11. THE CONTRACTOR SHALL REPAIR OR REPLACE ANY DAMAGED OR ALTERED EXISTING IMPROVEMENTS WITHIN THE PUBLIC RIGHT-OF-WAY AS DIRECTED BY THE ENGINEER IN THE FIELD.
12. THE CONTRACTOR SHALL MAINTAIN DUST CONTROL AT ALL TIMES.
13. PRIOR TO TAKING WATER FROM A FIRE HYDRANT, THE CONTRACTOR SHALL MAKE ARRANGEMENTS TO OBTAIN A HYDRANT WATER METER.
14. SURVEY MONUMENTS SHALL BE PROTECTED AND PERPETUATED IN PLACE. DISTURBED OR COVERED MONUMENTS SHALL BE RESET BY A REGISTERED CIVIL ENGINEER OR LICENSED LAND SURVEYOR.
15. IRRIGATION LINES SHALL BE REMOVED, RELOCATED OR RECONSTRUCTED AS SHOWN OR AS DIRECTED BY THE ENGINEER IN THE FIELD.
16. NEW AND EXISTING MANHOLES AND VALVE CANS SHALL BE ADJUSTED TO GRADE.
17. UTILITIES SHALL BE INSTALLED, TESTED, AND APPROVED PRIOR TO STREET PAVING. THE CONTRACTOR SHALL CONTACT THE APPROPRIATE CABLE TV COMPANY AND VERIFY CABLE TV CONDUIT IS IN PLACE BEFORE PAVING.
18. SPLICING OF STREET LIGHT CONDUCTOR SHALL BE PERMITTED ONLY IN PULL BOXES.
19. THE CONTRACTOR SHALL UNDERGROUND ALL UTILITY LINES ADJOINING AND INTERIOR TO THE PROJECT, INCLUDING POWER LINES.
20. CARE SHALL BE TAKEN TO PREVENT GRADED DITCHES AND SWALES FROM UNDERMINING STREET IMPROVEMENTS. UPON INSPECTION, THE ENGINEER MAY REQUIRE TEMPORARY GUNITE SWALES.
21. TRENCH BACKFILL SHALL BE DONE IN ACCORDANCE WITH CITY STANDARDS.
22. THE THICKNESS OF BASE MATERIAL SHALL BE DETERMINED BY SOIL TESTS AND RECOMMENDATIONS FROM A SOILS ENGINEER. UPON COMPLETION OF ROUGH GRADING, R-VALUES, AND SAND EQUIVALENTS, THE STRUCTURAL SECTIONS OF STREETS SHALL BE SUBMITTED TO THE ENGINEER FOR APPROVAL.
23. THE CONTRACTOR SHALL NOT ORDER OR PLACE ANY CONCRETE OR ASPHALT CONCRETE PAVING UNTIL THE FORMS AND SUBGRADE OR AGGREGATE BASE HAVE BEEN INSPECTED AND APPROVED BY THE ENGINEER IN THE FIELD.
24. THE CONTRACTOR SHALL REMOVE AND REPLACE, IN KIND, A MINIMUM OF 2 FEET OF EXISTING ASPHALT CONCRETE AND AGGREGATE BASE ADJACENT TO NEWLY CONSTRUCTED CURB AND GUTTER.
25. THE FINAL OR SURFACE LAYER OF ASPHALT CONCRETE SHALL NOT BE PLACED UNTIL ALL ON-SITE IMPROVEMENTS, INCLUDING GRADING HAVE BEEN COMPLETED AND ALL UNACCEPTABLE WORK HAS BEEN CORRECTED UNLESS OTHERWISE APPROVED BY THE ENGINEER.
26. THE CONTRACTOR SHALL REMOVE AND INSTALL PAVEMENT MARKINGS AND STRIPING AS REQUIRED BY THE ENGINEER IN THE FIELD. THIS REQUIREMENT SHALL INCLUDE THE PAVEMENT MARKERS DESCRIBED IN THE HYDRANT SPECIFICATIONS.
27. PERMANENT TRAFFIC CONTROL SIGNS AND DEVICES SHALL BE LOCATED AS SPECIFIED BY THE CITY TRAFFIC ENGINEER PRIOR TO FINAL APPROVAL OF IMPROVEMENTS.
28. STREET NAME SIGNS AND STOP SIGNS SHALL BE FURNISHED BY THE CONTRACTOR.
29. "AS-BUILT" RECORD DRAWINGS SHALL BE FURNISHED TO THE CITY UPON COMPLETION OF CONSTRUCTION.
30. APPROVAL OF THESE PLANS BY THE CITY OR ITS AGENTS SHALL NOT RELIEVE THE CONTRACTOR OR THE APPLICANT FROM THE RESPONSIBILITY FOR THE CORRECTION OF ERRORS OR OMISSIONS DISCOVERED DURING CONSTRUCTION. UPON REQUEST, THE APPROPRIATE REVISIONS SHALL BE SUBMITTED TO THE ENGINEER FOR REVIEW AND APPROVAL.
31. THE CONTRACTOR SHALL APPLY FOR A SEPARATE CONSTRUCTION PERMIT FROM THE ENGINEERING DEPARTMENT OF THE CITY OF BELL AND THE CITY OF VERNON PRIOR TO THE COMMENCEMENT OF ANY WORK.
32. BARRICADES WITH FLASHING LIGHTS ARE TO BE MAINTAINED ON ALL OBSTRUCTIONS WITHIN EXISTING STREET RIGHT-OF-WAY AT ALL TIMES. CONSTRUCTION WARNING SIGNS AND FLAGMAN ARE TO BE PRESENT AT JOB SITE.

SHEET INDEX:

1. TITLE SHEET AND INDEX
2. BANDINI STREET IMPROVEMENTS
3. BANDINI STREET IMPROVEMENTS
4. BANDINI STREET IMPROVEMENTS
5. PENNINGTON STREET IMPROVEMENTS

UTILITY PURVEYORS:

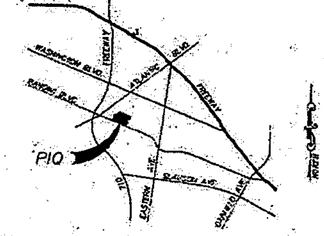
AT&T	626.515.6398
THE GAS COMPANY	310.687.2020
EDISON	310.608.5153
GOLDEN STATE WATER	323.303.8274
TRAFFIC JAM	714.535.0550
WASTE MANAGEMENT	323.263.4146



LEGEND

- BOUNDARY LINE
- LOT LINE
- SPOT ELEVATION
- FLOW ARROW
- PROPOSED SLOPE
- EX. SLOPE
- BUILDING NO.
- SWALE FLOWLINE
- SD

SCALE: 1"=100'



VICINITY MAP

N.T.S.

BENCHMARK:

LOS ANGELES COUNTY PUBLIC WORKS BM 11976 ELEV: 151.184 LADPWTAG IN W CB ATLANTIC BL NEAR MOC OF CURVE @ S END OF CB @ NW COR ATLANTIC BL AND BANDINI

OWNER'S INFORMATION

XEBEC REALTY PARTNERS
3010 OLD RANCH PARKWAY STE 470
SEAL BEACH, CA 90740
PHONE: 562-546-0200

ENGINEER INFORMATION

C&V CONSULTING
27156 BURBANK
FOOTHILL RANCH, CA 92610
PHONE NO. 949-916-3800

TAX ASSESSOR'S PARCEL NO.:

6332-002-074, 073, PORTION OF 6332-002-073

LAND AREA:

TOTAL: 918,002 SQ. FT. (21.07 ACRES)

FLOOD ZONE:

PER FEMA'S WEBSITE ZONE X (AREA'S DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN) PER MAP NO. 06037C1610F DATED SEPT. 26, 2008.

STORMWATER POLLUTION CONTROL REQUIREMENTS FOR ROAD CONSTRUCTION

1. ERODED SEDIMENTS AND OTHER POLLUTANTS MUST BE RETAINED ON SITE AND MAY NOT BE TRANSPORTED FROM THE SITE VIA SHEET FLOW, SWALES, AREA DRAINS, NATURAL DRAINAGE COURSES, OR WIND.
2. STOCKPILES OF EARTH AND OTHER CONSTRUCTION RELATED MATERIALS MUST BE PROTECTED FROM BEING TRANSPORTED FROM THE SITE BY THE FORCES OF WIND OR WATER.
3. FUELS, OILS, SOLVENTS, AND OTHER TOXIC MATERIALS MUST BE STORED IN ACCORDANCE WITH THEIR LISTING AND ARE NOT TO CONTAMINATE THE SOIL AND SURFACE WATERS. ALL APPROVED STORAGE CONTAINERS ARE TO BE PROTECTED FROM THE WEATHER. SPILLS MUST BE CLEANED UP IMMEDIATELY AND DISPOSED OF IN A PROPER MANNER. SPILLS MAY NOT BE WASHED INTO THE DRAINAGE SYSTEM.
4. EXCESS OR WASTE CONCRETE MAY NOT BE WASHED INTO THE PUBLIC WAY OR ANY OTHER DRAINAGE SYSTEM. PROVISIONS SHALL BE MADE TO RETAIN CONCRETE WASTES ON SITE UNTIL THEY CAN BE DISPOSED OF AS SOLID WASTE.
5. TRASH AND CONSTRUCTION RELATED SOLID WASTES MUST BE DEPOSITED INTO A COVERED RECEPTACLE TO PREVENT CONTAMINATION OF RAINWATER AND DISPERSAL BY WIND.
6. SEDIMENTS AND OTHER MATERIALS MAY NOT BE TRACKED FROM THE SITE BY VEHICLE TRAFFIC. THE CONSTRUCTION ENTRANCE ROADWAYS MUST BE STABILIZED SO AS TO INHIBIT SEDIMENTS FROM BEING DEPOSITED IN THE PUBLIC WAY. ACCIDENTAL DEPOSITIONS MUST BE SWEPT UP IMMEDIATELY AND MAY NOT BE WASHED DOWN BY RAIN OR OTHER MEANS.
7. ANY SLOPES WITH DISTURBED SOILS OR DENUDED OF VEGETATION MUST BE STABILIZED SO AS TO INHIBIT EROSION BY WIND AND WATER.
8. THE FOLLOWING BMPS AS OUTLINED IN, BUT NOT LIMITED TO, THE BEST MANAGEMENT PRACTICE HANDBOOK, CALIFORNIA STORMWATER QUALITY TASK FORCE, SACRAMENTO, CALIFORNIA 2003, OR THE LATEST REVISED EDITION, MAY APPLY DURING CONSTRUCTION OF THIS PROJECT (ADDITIONAL MEASURES MAY BE REQUIRED IF DEEMED APPROPRIATE BY INSPECTOR):

TEMPORARY SOIL STABILIZATION

- SS1 — SCHEDULING
- SS2 — PRESERVATION OF EXISTING VEGETATION
- SS3 — HYDRAULIC MULCH
- SS4 — HYDROSEEDING
- SS5 — SOIL BINDERS
- SS6 — STRAW MULCH
- SS7 — GEOTEXTILES, PLASTIC COVERS, & EROSION CONTROL BLANKETS/MATS
- SS8 — WOOD MULCHING
- SS9 — EARTH DIKES/DRAINAGE SWALES & LINED DITCHES
- SS10 — OUTLET PROTECTION/VELOCITY DISSIPATION DEVICES
- SS11 — SLOPE DRAINS
- SS12 — STREAMBANK STABILIZATION

WASTE MANAGEMENT AND MATERIALS POLLUTION CONTROL

- WM1 — MATERIAL DELIVERY AND STORAGE
- WM2 — MATERIAL USE
- WM3 — STOCKPILE MANAGEMENT
- WM4 — SPILL PREVENTION AND CONTROL
- WM5 — SOLID WASTE MANAGEMENT
- WM6 — HAZARDOUS WASTE MANAGEMENT
- WM7 — CONTAMINATED SOIL MANAGEMENT
- WM8 — CONCRETE WASTE MANAGEMENT
- WM9 — SANITARY/SEPTIC WASTE MANAGEMENT
- WM10 — LIQUID WASTE MANAGEMENT

TEMPORARY SEDIMENT CONTROL

- SC1 — SILT FENCE

NON-STORMWATER MANAGEMENT

- NS1 — WATER CONSERVATION PRACTICES
- NS2 — DEWATERING OPERATIONS
- NS3 — PAVING GRADING OPERATIONS
- NS4 — TEMPORARY STREAM CROSSING

CIVIL ENGINEER'S NOTICE TO CONTRACTOR:

1. THE EXISTENCE AND LOCATION OF ANY UNDERGROUND UTILITY PIPES OR STRUCTURES SHOWN ON THESE PLANS ARE OBTAINED BY A SEARCH OF THE AVAILABLE RECORDS. TO THE BEST OF MY KNOWLEDGE, THERE ARE NO EXISTING UTILITIES EXCEPT AS SHOWN ON THESE PLANS. THE CONTRACTOR IS REQUIRED TO TAKE DUE PRECAUTION— ANY MEASURES TO PROTECT THE UTILITIES AND STRUCTURES SHOWN AND ANY OTHER LINES OR STRUCTURES NOT OF RECORD OR NOT SHOWN ON THESE PLANS, AND IS RESPONSIBLE FOR THE PROTECTION OF, AND ANY DAMAGE TO, THESE LINES OR STRUCTURES.
2. THE CONTRACTOR AGREES THAT HE WILL ASSUME SOLE AND COMPLETE RESPONSIBILITY FOR JOB SITE CONDITIONS DURING THE COURSE OF CONSTRUCTION OF THIS PROJECT, INCLUDING SAFETY OF ALL PERSONS AND PROPERTY; THAT THIS REQUIREMENT SHALL APPLY CONTINUOUSLY AND NOT BE LIMITED TO NORMAL WORKING HOURS, AND THAT THE CONTRACTOR SHALL DEFEND, INDEMNIFY, AND HOLD THE OWNER AND ENGINEER HARMLESS FROM ANY AND ALL LIABILITY REAL OR ALLEGED IN CONNECTION WITH THE PERFORMANCE OR WORK ON THIS PROJECT, EXCEPTING FOR LIABILITY ARISING FROM THE SOLE NEGLIGENCE OF THE OWNER OR THE ENGINEER, OR ANY PUBLIC AGENCY.
3. THE ESTIMATES OF IMPROVEMENT QUANTITIES AS SHOWN HEREON ARE PROVIDED ONLY FOR THE PURPOSE OF SATISFYING DISTRICT PLAN INFORMATION REQUIREMENTS. THE CONTRACTOR SHALL PERFORM AN INDEPENDENT ESTIMATE OF ALL IMPROVEMENT QUANTITIES AND SHALL USE SAME AS A BASIS FOR HIS BID(S) AND CONTRACT(S).
4. CONTRACTOR TO VERIFY CLEARANCE AT ALL UTILITY CROSSINGS. IF INTERFERENCE OCCURS, OTHER THAN NOTED ON PLAN, CONTRACTOR TO CONTACT DESIGN ENGINEER FOR POSSIBLE REDESIGN. IF REDESIGN IS UNFEASIBLE, CONTRACTOR TO RELOCATE UTILITY AT NO EXPENSE TO ENGINEER.

BASIS OF BEARINGS:

THE BEARINGS SHOWN HEREON ARE BASED UPON THE NORTHEASTERLY LINE OF BANDINI BOULEVARD BEING NORTH 68°22'13" WEST AS SHOWN ON A MAP FILED IN BOOK 245, PAGE 24, OF RECORD OF SURVEY OF LOS ANGELES COUNTY.

ABBREVIATIONS

AB	AGGREGATE BASE	MH	MANHOLE
AC	ASPHALTIC CONCRETE	NTLY	NORTHERLY
BC	BEGIN CURVE	N	NORTH
BO	BLOW OFF	NTS	NOT TO SCALE
BLDG.	BUILDING	OC	ON CENTER
℄	CENTER LINE	OD	OUTSIDE DIAMETER
CB	CATCH BASIN	PCC	PORTLAND CEMENT CONCRETE
CF	CURB FACE	℗	PROPERTY LINE
CFS	CUBIC FEET PER SECOND	Q_{25}	25-YR FLOW
CSP	CORRUGATED STEEL PIPE	R	RADIUS
CY	CUBIC YARDS	RCP	REINFORCED CONCRETE PIPE
DW	DOMESTIC WATER	RT	RIGHT
EA	EACH	RW	RECLAIMED WATER
EC	END CURVE	R/W	RIGHT OF WAY
ECR	END CURB RETURN	S	SOUTH
EG	EXISTING GRADE	SD	STORM DRAIN
ELY.	EASTERLY	SF	SQUARE FEET
ES	EXISTING SURFACE	STLY	SOUTHERLY
EX	EXISTING	SS	SANITARY SEWER
FG	FINISHED GRADE	STA	STATION
FL	FLOW LINE	STD	STANDARD
FNC	TOP OF FENCE	TC	TOP OF CURB
FPS	FEET PER SECOND	TF	TOP OF FOOTING
FS	FINISHED SURFACE	TG	TOP OF GRATE
FG	FINISH GRADE	TRW	TOP OF RET. WALL
HDPE	HIGH DENSITY POLYETHYLENE	TYP	TYPICAL
HGL	HYDRAULIC GRADE LINE	V	VELOCITY
HP	HIGH POINT	W/	WEST/WITH
ID	INSIDE DIAMETER	W	WITH
INV	INVERT	WLY	WESTERLY
JS	JUNCTION STRUCTURE		
LT	LEFT		
MIN	MINIMUM		
MISC	MISCELLANEOUS		

PREPARED BY:

C&V CONSULTING, INC.
CIVIL ENGINEERING
LAND PLANNING & SURVEYING

DIGALERT — DIAL BEFORE YOU DIG — TWO WORKING DAYS BEFORE YOU DIG — TOLL FREE 1-800-227-2600 — A PUBLIC SERVICE BY UNDERGROUND SERVICE ALERT

REV.	REVISION DESCRIPTION	DATE	ENGR.	CITY	DATE

Prepared Under The Supervision Of:

VINCENT W SCARPATI P.E. 33530

CITY OF VERNON

APPROVED BY: KEVIN WILSON P.E.

DIRECTOR OF COMMUNITY SERVICES — DATE:

CITY OF BELL, CALIFORNIA

TPM 71920 STREET IMPROVEMENT PLAN

DRAWN BY: DSK
CHECKED BY: DSK
CHECKED BY: VS

CITY OF BELL

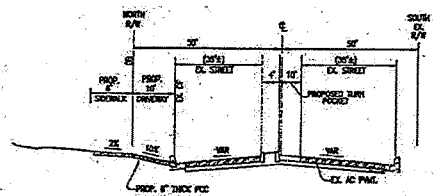
APPROVED BY: TERRY RODRIGUE

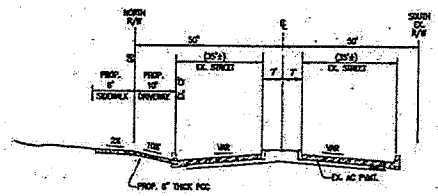
CITY ENGINEER R.C.E. DATE:

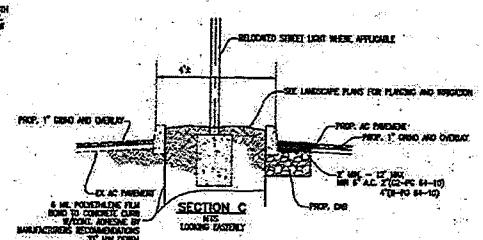
DRAWING NO.: XXXX

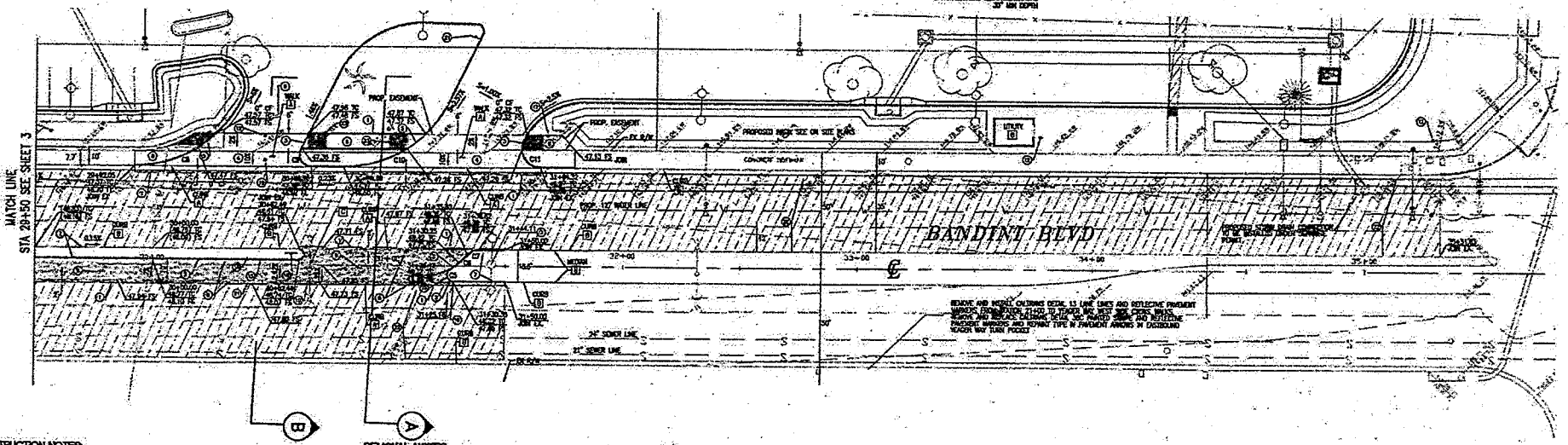
SHEET 1 / 5

16









CONSTRUCTION NOTES:

1. FULL DEPTH SAW CUT REMOVE AND REPLACE AC PAVEMENT, PROTECT THROUGHOUT THE DURATION OF THE PROJECT.
2. INSTALL APWA STD. 120-1 AS-1500(B) (CITY OF BELL) CITY OF VERNON STD PLAN PV 562 CURB DALT TO SMC GRADES SHOWN.
3. INSTALL RELOCATED STREETLIGHT PER APWA STD 429-2.
4. INSTALL MODIFIED APWA 110-1 TYPE C DRIVEWAY AS SHOWN.
5. 0" CURB FACE FLUSH SURFACE FOR ADA.
6. INSTALL 4" THICK PCC SIDEWALK PER APWA 112-1 (CITY OF BELL) CITY OF VERNON STD PV 562.
7. SEE LANDSCAPE PLAN FOR PLANTING AND IRRIGATION IMPROVEMENTS.
8. INSTALL ___" AC OVER ___ AB PER APPROVED SOILS RECOMMENDATIONS MIN 13" AC (OR) 9" AC OVER 6" CMB.
9. PAINT OR REPAINT WHITE TURN ARROW PER CALTRANS STD 6-3B, TYPE N.
10. RELOCATE PULL BOX PER DRY UTILITY PLANS.
11. INSTALL CALTRANS STD 3MC, REFLECTIVE PAVEMENT MARKERS, IF EXISTING REMOVE AND REPLACE.
12. REMOVE EXISTING WOODEN POLES AND UNDER GROUND UTILITY PER SEPARATE PLANS.
13. INSTALL CALTRANS STD R9-10D1, "ONE WAY" SIGN.
14. RELOCATE EXISTING STREET LIGHT INTO LANDSCAPE MEDIAN, PER SECTION.
15. PAINT MEDIAN NOSE CURB FACE YELLOW, 2-COATS.
16. INSTALL OW2-1R OBJECT MARKER AND R4-7 "KEEP RIGHT" SIGN.
17. INSTALL CALTRANS DETAIL 3D FROM END OF MEDIAN NOSE TO CROSS WALK STRIPE.
18. REPAINT WHITE CROSSWALK LINE LINE FOR EXISTING CONDITIONS.
19. REPAINT WHITE CHEVRONS PER EXISTING CONDITIONS.
20. INSTALL R3-18 SIGN FACING WEST BOUND TRAFFIC, R9-3 FACING SOUTHBOUND TRAFFIC AND R4-7 AND OW8-1 OBJECT MARKER FACING EASTBOUND TRAFFIC.
21. INSTALL R4-7 "KEEP RIGHT" SIGN IN THE LOCATION SHOWN.
22. GRIND AND OVERLAY 1" MINIMUM IN THE LOCATIONS SHOWN.
23. INSTALL APWA 111-3 CURB RAMP CASE D TYPE 2.

REMOVAL NOTES

- A REMOVE AND DISPOSE OF, ITEM AS NOTED
- B SAVE AND PROTECT, ITEM AS NOTED
- C REMOVE AND RELOCATE, STREET LIGHT TO LOCATION SHOWN.
- D ADJUST TO FINISH GRADE ITEM AS NOTED

GENERAL NOTES

1. FOR DISPOSITION OF ALL SHRUBS, TREES AND OTHER VEGETATION, REFER TO LANDSCAPE PLANS.
2. THE CONTRACTOR SHALL TAKE ANY TEMPORARY MEASURES TO INSURE THAT IRRIGATION SYSTEMS OUTSIDE THE DISTURBED AREA ARE OPERABLE DURING CONSTRUCTION.
3. EXISTING GAS, WATER AND SEWER LINE APPURTENANCE SHOWN IN PLAN TO BE PROTECTED IN PLACE ALL TIMES DURING CONSTRUCTION.
4. ALL EXISTING FACILITIES TO BE PROTECTED IN PLACE UNLESS OTHERWISE NOTED.

FULL DEPTH AC/AB SECTION (9)

1" GRIND AND OVERLAY (22)

CURVE TABLE

CURVE	LENGTH	RADIUS	DELTA	TAN
C1	3.50	1200.00'	0°10'26"	1.75
C2	32.78	1200.00'	1°34'08"	16.39
C3	33.10	1200.00'	1°34'47"	16.55
C4	6.40	1.00'	366°54'18"	6.11
C5	7.53	3.00'	143°38'29"	5.71
C6	5.97	3.00'	114°01'01"	4.14
C7	3.41	3.00'	65°07'28"	1.93
C8	50.93	50.00'	58°21'04"	27.78
C9	50.93	50.00'	58°21'04"	27.78
C10	33.74	50.00'	38°40'13"	17.48
C11	34.23	50.00'	39°12'51"	17.77
C12	24.75	75.00'	18°54'11"	12.54
C13	26.67	75.00'	20°22'33"	13.49
C14	48.83	75.00'	37°18'22"	25.32

FEET
SCALE: 1"=20'

PREPARED BY:
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POSTBELL BEACH, CA. 90810
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E: CVINFO@CVCONSULT.COM

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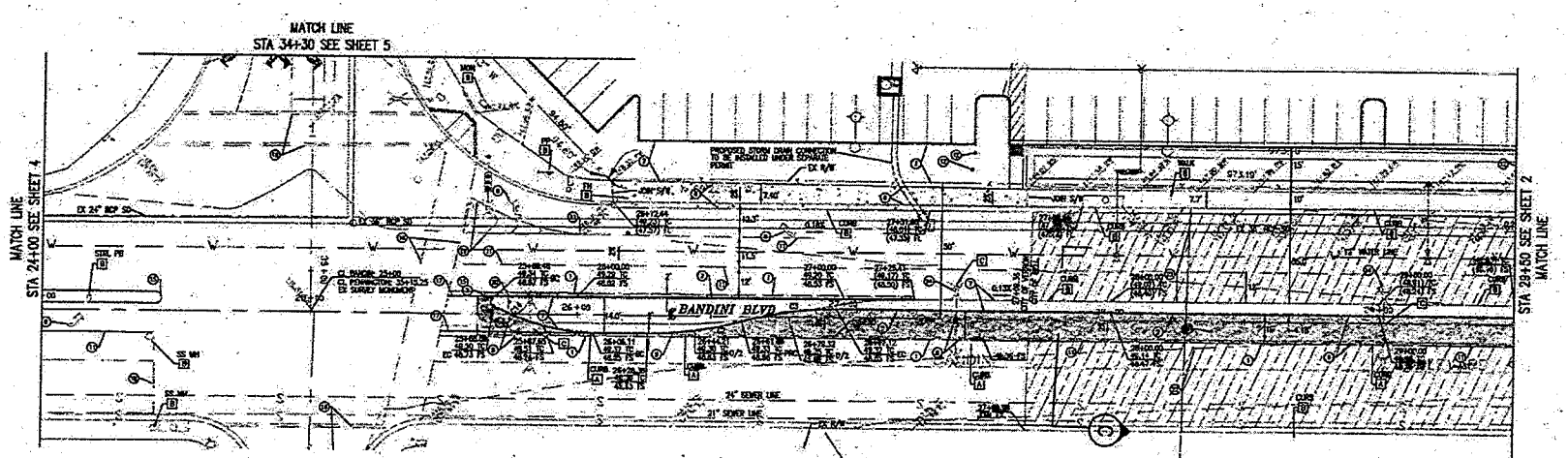
REV.	REVISION DESCRIPTION	DATE	ENGR.	CITY	MAYOR

Prepared Under The Supervision Of:
DWIGHT W. SCHWAB P.E. 33520
Date 10-2-2014

CITY OF VERNON
APPROVED BY: KEVIN WILSON P.E.
DATE:
DIRECTOR OF COMMUNITY SERVICES

CITY OF BELL, CALIFORNIA
TPM 71920 STREET IMPROVEMENT PLAN
CITY OF BELL
APPROVED BY: TONY INGRUGLIA
DATE:
CITY ENGINEER
DRAWN BY: DSK
DESIGNED BY: DSK
CHECKED BY: VS
DRAWING NO.: XXXX
2/5



CONSTRUCTION NOTES:

1. FULL DEPTH SAW CUT REMOVE AND REPLACE AC PAVEMENT. PROTECT THROUGHOUT THE DURATION OF THE PROJECT.
2. INSTALL APWA STD. 120- A3-150(0) (CITY OF BELL) CITY OF VERNON STD PLAN PV 502 CURB ONLY TO THE GRADES SHOWN.
3. INSTALL RELOCATED STREETLIGHT PER APWA STD 429-0.
4. INSTALL MODIFIED APWA 110-1 TYPE C DRIVEWAY AS SHOWN.
5. 6" CURB FACE FLUSH SURFACE FOR ADA.
6. INSTALL 4" THICK PCC SIDEWALK PER APWA 113-1 (CITY OF BELL) CITY OF VERNON STD PV 501.
7. SEE LANDSCAPE PLAN FOR PLANTING AND IRRIGATION IMPROVEMENTS.
8. INSTALL ___" AC OVER ___" AB PER APPROVED SOILS RECOMMENDATIONS MIN 13" AC. (OR) 8" AC OVER 8" CMB.
9. PAINT OR REPAINT WHITE TURN ARROW PER CALTRANS STD 8-36, TYPE IV.
10. RELOCATE PULL BOX PER DRY UTILITY PLANS.
11. INSTALL CALTRANS STD 38C, REFLECTIVE PAVEMENT MARKERS, IF EXISTING REMOVE AND REPLACE.
12. REMOVE EXISTING WOODEN POLES AND UNDER GROUND UTILITY PER SEPARATE PLANS.
13. INSTALL CALTRANS STD R6-1(D), "ONE WAY" SIGN.
14. RELOCATE EXISTING STREET LIGHT INTO LANDSCAPE MEDIAN, PER SECTION.
15. PAINT MEDIAN NOSE CURB FACE YELLOW, 2-COATS.
16. INSTALL OW2-4H OBJECT MARKER AND R4-7 "KEEP RIGHT" SIGN.
17. INSTALL CALTRANS DETAIL 30 FROM END OF MEDIAN NOSE TO CROSS WALK STRIPE.
18. REPAINT WHITE CROSSWALK LINE LINE PER EXISTING CONDITIONS.
19. REPAINT WHITE CHEVRONS PER EXISTING CONDITIONS.
20. INSTALL R3-18 SIGN FACING WEST BOUND TRAFFIC, R6-2 FACING SOUTHBOUND TRAFFIC AND R4-7 AND OW-1, OBJECT MARKER FACING EASTBOUND TRAFFIC.
21. INSTALL R4-7 "KEEP RIGHT" SIGN IN THE LOCATION SHOWN.
22. GRIND AND OVERLAY 1" MINIMUM IN THE LOCATIONS SHOWN.
23. INSTALL APWA 111-3 CURB RAMP CASE D TYPE 2.

REMOVAL NOTES

- A — REMOVE AND DISPOSE OF, ITEM AS NOTED
- B — SAVE AND PROTECT, ITEM AS NOTED
- C — REMOVE AND RELOCATE STREET LIGHT TO LOCATION SHOWN.
- D — ADJUST TO FINISH GRADE ITEM AS NOTED

GENERAL NOTES

1. FOR DISPOSITION OF ALL SHRUBS, TREES AND OTHER VEGETATION, REFER TO LANDSCAPE PLANS.
2. THE CONTRACTOR SHALL TAKE ANY TEMPORARY MEASURES TO INSURE THAT IRRIGATION SYSTEMS OUTSIDE THE DISTURBED AREA ARE OPERABLE DURING CONSTRUCTION.
3. EXISTING GAS, WATER AND SEWER LINE APPURTENANCE SHOWN IN PLAN TO BE PROTECTED IN PLACE ALL TIMES DURING CONSTRUCTION.
4. ALL EXISTING FACILITIES TO BE PROTECTED IN PLACE UNLESS OTHERWISE NOTED.

FULL DEPTH AC/AB SECTION (A)

1" GRIND AND OVERLAY (22)

CURVE TABLE				
CURVE	LENGTH	RADIUS	DELTA	TANG
C1	5.57	7.00	45°32'57"	2.91
C2	25.13	20.00	71°59'59"	14.34
C3	41.36	100.00	23°42'27"	20.7
C4	7.27	7.00	59°51'44"	4.02
C5	7.27	7.00	59°51'44"	4.02
C6	7.27	7.00	59°51'44"	4.02
C7	9.84	50.00	11°16'44"	4.94
C8	5.61	7.00	45°52'57"	2.93
C9	25.98	20.00	74°24'57"	15.09
C10	10.13	5.00	116°07'01"	8.50
C11	19.73	20.00	56°32'57"	10.74
C12	31.42	20.00	90°00'00"	20.00
C13	31.42	20.00	90°00'00"	20.00
C14	31.17	20.00	89°17'27"	19.86
C15	35.09	100.00	20°07'05"	17.69
C16	40.05	100.00	22°56'41"	20.33

SCALE: 1"=20'

PREPARED BY:
C&W CONSULTING, INC.
CIVIL ENGINEERING
LAND PLANNING & SURVEYING
JOHN NORMANDY
ROSSWELL BARNICK, CA 91803
T. SANCHEZ
R. MENDEZ
WWW.CWC-INCNET

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REV.	REVISION DESCRIPTION	DATE	DSN.	CITY	DATE

Prepared Under The Supervision Of:
WILLIAM P. SCHRAFT P.E. 33320
Date 11-

CITY OF VERNON
APPROVED BY: KEVIN WILSON P.E.
DATE:
DIRECTOR OF COMMUNITY SERVICES

CITY OF BELL, CALIFORNIA
TPM 71920 STREET IMPROVEMENT PLAN
CITY OF BELL
APPROVED BY: TONY RODRIGUEZ
CITY ENGINEER RCE: DATE:

DRAWN BY: DSK
REVISED BY:
DSK
CHECKED BY:
VS

DRAWING NO.
XXXX

3/5

89

PARCEL MAP 71920

SUBDIVISION OFF-SITE IMPROVEMENT AGREEMENT

by and between

CITY OF BELL

And

FIRST INDUSTRIAL, L.P.

69

PARCEL 71920
SUBDIVISION OFF-SITE IMPROVEMENT AGREEMENT

THIS SUBDIVISION IMPROVEMENT AGREEMENT (this "Agreement") is entered into this _____ day of _____, 2012, by and between the CITY OF BELL, a municipal corporation of the State of California ("City") and FIRST INDUSTRIAL, L.P., a Delaware limited partnership, ("Subdivider").

RECITALS

A. Subdivider is the owner of the property contained in Parcel 71920, has an approved tentative map and will record a final subdivision map (the "Map") for Parcel 71920 in the City of Bell, County of Los Angeles, State of California (the "Property" or "Parcel 71920"). Information regarding Parcel 71920, including recording information is listed on **Exhibit "A"** hereto.

B. Subdivider, by the Map, has offered for dedication to City for public use of the streets and easements shown on the Map. City desires to accept the streets and easements shown on the Map for public use, and certain other improvements described in this Agreement.

C. Subdivider has delivered to City and City has approved plans and specifications and related documents for certain "Works of Improvement" (as hereinafter defined) which are required to be constructed and installed in order to accommodate the development of the Property. The Works of Improvement may be allocated, or phased, with respect to the Map, such that specific subsets of the Works of Improvement are required to be completed for the Map, as required by the conditions of approval ("Conditions of Approval"), as set forth in **Exhibit "B".**

D. Pursuant to the California Subdivision Map Act and City Ordinances, Subdivider is required to furnish adequate security to ensure the construction and completion of the Works of Improvement required by the Map. Subdivider is requesting that City accept security as set forth herein and the City has determined to accept such security for the Works of Improvement as provided herein.

E. Subdivider's agreement to construct and install the Works of Improvement pursuant to this Agreement and its offer of dedication of the streets, easements and other improvements and facilities, as shown on the Map, are a material consideration to City in approving the final subdivision map for the Property and permitting development of the Property to proceed. The Works of Improvement in this agreement are in general the demolition, grading and drainage and related improvements.

F. A future agreement will cover the balance of the Works of Improvement for Parcel 71920.

COVENANTS

Based upon the foregoing Recitals which are incorporated herein by reference and in consideration of City's approving the Map for the Property and permitting development of the Property to proceed, Subdivider agrees to timely perform all of its obligations as set forth herein.

1. Construction Obligations.

1.1. Works of Improvement. Subdivider agrees, at its sole cost and expense, to construct or install or cause to be constructed or installed improvements related to off site streets, off site sewer, off site water and other related improvements as allocated to Parcel 71920 covered by the Map and all of the remaining Conditions of Approval related to off site improvements on the tentative map, collectively referred to as the "Works of Improvement." The Works of Improvement shall be performed or caused to be performed by Subdivider in accordance with the Conditions of Approval as set forth in **Exhibit B** and in a manner reasonably acceptable to the City Engineer (or his/her designee) and in full compliance with all rules, regulations and codes of City and the terms of this Agreement and any plans ("Plans") for the Works of Improvement approved by the City Engineer.

Subdivider shall complete a functional or operable improvement or facility, even though the Plans may not specifically call out all items of work required for the contractor to complete its tasks, incidental appurtenances, materials, and the like. If any omissions are made in information necessary to carry out the full intent and meaning of the Plans, Subdivider or its contractor shall immediately notify its design engineer who will seek approval of the City Engineer for furnishing of detailed instructions. In the event of any doubt or question arising regarding the true meaning of any of the Plans, reference shall be made to the City Engineer or City Council, if Subdivider disputes the City Engineer's detailed instructions.

The Plans shall be supplemented by such working or shop drawings as are necessary to adequately control the work. Without the City Engineer's prior written approval, no change shall be made by Subdivider or Subdivider's contractor to any plan, specification, or working or shop drawing after it has been stamped as approved.

1.2. Survey Monuments. Before final approval of street improvements, Subdivider will place survey monuments, as shown on the Map in accordance with the provisions of the State Subdivision Map Act and the Subdivision Ordinance of the City. Subdivider shall provide security for such obligation as provided in Section 4.1 and, after setting the monument (s), Subdivider shall furnish the City Engineer of the City written notice of the setting of said monuments, and written proof of having paid the engineer or surveyor for the setting of said monument (s).

1.3. Performance of Work. Subdivider shall furnish or cause to be furnished, at Subdivider's sole cost (unless otherwise specifically provided herein), all materials, labor, tools, equipment, utilities, transportation, and incidentals required to perform Subdivider's obligations under this Agreement.

1.4. Changes in the Work. The City Engineer, without invalidating this Agreement and without notification to any of the sureties or financial institutions referenced in

Section 4, may order extra work or may make changes by altering or deleting any portion of the Works of Improvement as specified herein or as deemed necessary or desirable by the City Engineer as determined necessary to accomplish the purposes of this Agreement and to protect the public health or safety. It is mutually understood that it is inherent in the nature of the work contemplated by this Agreement that some changes in the Plans may be necessary during the course of construction to adjust them to field conditions and to assure the protection of the public health or safety. The City Engineer shall notify Subdivider or Subdivider's contractor in writing (by Correction Notice) at the time a determination has been made to require changes in the work. No field changes performed or proposed by Subdivider or its contractor shall be binding on City unless approved in writing by the City Engineer.

1.5. Defective Work. Subdivider shall cause its contractor to repair, reconstruct, replace, or otherwise make acceptable any work found by the City Engineer to be defective.

1.6. No Warranty by City. The Plans for the Works of Improvement have been prepared by or on behalf of Subdivider or its consultants or contractors, and City makes no representation or warranty, express or implied, to Subdivider or to any other person regarding the adequacy of the Plans or related documents.

1.7. Authority of the City Engineer. In addition to the authority granted to the City Engineer elsewhere in this Agreement, the City Engineer shall have the authority, which shall reasonably be exercised, to decide all questions which may arise as to the quality and acceptability of materials furnished and work performed.

1.8. Documents Available at the Job Site. Subdivider shall cause its contractor to keep a copy of all approved Plans at the job site on a phase by phase basis as those portions of the Property are improved, and shall give access thereto to the City's inspectors and engineers at all times.

1.9. Inspection. Subdivider shall have an authorized representative on the job site at all times during which work is being done who has full authority to act for Subdivider, or its design engineer, and Subdivider's contractors regarding the Works of Improvement. Subdivider shall cause its contractor to furnish the City with every reasonable facility for ascertaining whether or not the Works of Improvement as performed are in accordance with the requirements and intent of this Agreement, including the Plans. If the City inspector requests it, the contractor at any time before acceptance of the Works of Improvement shall remove or uncover such portions of the finished work as may be directed which have not previously been inspected. After examination, the contractor shall restore said portions of the work to the standards required hereunder. Inspection or supervision by the City shall not be considered as direct control of the individual workmen on the job site. City's inspector shall have the authority to stop any and all work not in accordance with the requirements contained or referenced in this Agreement.

The inspection of the work by City shall not relieve Subdivider or the contractor of any obligations to fulfill this Agreement as herein provided, and unsuitable materials or work may be

rejected notwithstanding that such materials or work may have been previously overlooked or accepted.

1.10. Compliance With Law. In addition to the express provisions of this Agreement and the Plans, Subdivider shall cause construction of the Works of Improvement to be completed in accordance with all other applicable federal, state, and local laws, ordinances, rules, regulations and policies.

1.11. Suspension of Work. In case of suspension of work for any cause whatever, Subdivider and its contractor shall be responsible for all materials and shall store them properly if necessary and shall provide suitable drainage protection and erect temporary structures where necessary.

1.12. Maintenance of Job Site and Works of Improvement. City shall not be responsible or liable for the maintenance or care of the job site or the Works of Improvement. Subdivider shall maintain all the job site and Works of Improvement in a state of good repair until they are completed by Subdivider and approved and accepted by City, and until the security for the performance of this Agreement is released. Maintenance shall include, but shall not be limited to, repair of pavement, curbs, gutters, sidewalks, signals, parkways, water mains, and sewers; maintaining all landscaping in a vigorous and thriving condition reasonably acceptable to City; removal of debris from sewers and storm drains; and sweeping, repairing, and maintaining in good and safe condition all streets and street improvements.

All grading, landscaping, and construction activities shall be performed in a manner to control erosion and prevent flooding problems. The City Engineer shall have the authority to require erosion plans to prescribe reasonable controls on the method, manner, and time of grading, landscaping, and construction activities to prevent nuisances to surrounding properties. Plans shall include without limitation temporary drainage and erosion control requirements, dust control procedures, restrictions on truck and other construction traffic routes, noise abatement procedures, storage of materials and equipment, removal of garbage, trash, and refuse, securing the job site to prevent injury, and similar matters.

It shall be Subdivider's responsibility to initiate all maintenance work, but if it shall fail to do so, it shall promptly perform such maintenance work when notified to do so by City. If Subdivider fails to properly prosecute its maintenance obligation under this section, City may do all work necessary for such maintenance and the cost thereof shall be the responsibility of Subdivider and its surety under this Agreement. City shall not be responsible or liable for any damages or injury of any nature in any way related to or caused by the conditions of the job site or Works of Improvement.

1.13. Final Acceptance of Works of Improvement. After Subdivider's contractor has completed all of the Works of Improvement allocable to Parcel 71920, Subdivider shall then request a final inspection of the work for Parcel 71920. City shall inspect the Works of Improvement within seven (7) days of Subdivider's request. If items are found by the inspector to be incomplete or not in compliance with this Agreement or any of the requirements contained or referenced herein, City will inform the contractor of such items within five (5) days of inspection, in writing. After the contractor has completed these items, the procedure shall

then be the same as specified above for the contractor's initial request for final inspection. If items are found by City's inspector to be incomplete or not in compliance after two (2) "final" inspections, City may require the contractor, as a condition to performing further field inspections, to submit in writing a detailed written statement of the work performed subsequent to the date of the previous inspection which was found to be incomplete or not in compliance at that time. City may also require Subdivider to pay all costs associated with any field inspections conducted after two (2) final inspections.

No inspection or acceptance pertaining to specific parts of any particular Work of Improvement shall be construed as final acceptance of any part until the overall final acceptance by City is made. Final acceptance shall not constitute a waiver by City of defective work subsequently discovered.

The date on which the Works of Improvement will be considered as complete shall be that date on which the City accepts the improvements and authorizes the City Clerk to record a Notice of Completion with respect thereto. A separate Notice of Completion may be recorded for each phase of Parcel 71920.

1.14. Permits. Subdivider, at Subdivider's expense, shall obtain all permits and licenses, give all notices and pay all fees required by law for the construction of the Works of Improvement. City shall promptly process all permits and licenses.

2. Time For Performance.

2.1. Commencement and Completion Dates. Subject to Sections 2.2 and 2.3 below, Subdivider shall (i) commence with construction and installation of the Works of Improvement for Parcel 71920 in a logical sequence as reasonably approved by the City ("Commencement Date"), and once construction or development of Parcel 71920 is actually started ("Commencement Date"); (ii) complete or cause to be completed all of the Works of Improvement associated with Parcel 71920 no later than one year (the "Completion Deadline Date") after the Commencement Date.

2.2. Phasing Requirements. The allocation of Works of Improvement and anticipated sequencing for Parcel 71920 is set forth on **Exhibit "B"** hereto. Notwithstanding the provisions of Section 2.1, City reserves the right to control and regulate completion of specific Works of Improvement as required to comply with applicable City ordinances, regulations, rules and policies relating to the timely provision of public services and facilities. In addition to whatever other remedies City may have for Subdivider's failure to satisfy such phasing requirements, as the same now exist or may be amended from time to time, Subdivider acknowledges City's right (i) to withhold the issuance of further building permits for Parcel 71920 until the associated phasing requirements are satisfied (ii) proceed against the security provided in Section 4.1, and/or (iii) proceed with reversion to acreage pursuant to Section 2.5. Prior to issuance of building permits, Subdivider shall provide satisfactory evidence that all applicable requirements that are a condition to issuance of building permits have been satisfied. Such requirements may include the payment of fees, construction of improvements, or both.

2.3. Force Majeure. Notwithstanding the provisions of Section 2.1, Subdivider's time for commencement and completion of the Works of Improvement shall be extended for the period of any enforced delay caused due to circumstances beyond the control and without the fault of Subdivider, including to the extent applicable adverse weather conditions, flood, earthquakes, strikers, lockouts, acts or failures to act of a public agency (including City), required changes to the Works of Improvement required by City, and similar causes; provided, however, that the period of any enforced delay hereunder shall not include any period longer than ten (10) days prior to City's receipt of a written notice from Subdivider or its Contractor detailing the grounds for Subdivider's claim to a right to extend its time for performance hereunder and meeting this requirement hereof.

2.4. Continuous Work. After commencement of construction of the Works of Improvement (or separable portion or phase thereof), Subdivider shall cause such work to be diligently pursued to completion, and shall not abandon the work for a consecutive period of more than thirty (30) days, events of force majeure excepted.

2.5. Reversion to Acreage. In addition to whatever other rights City may have due to Subdivider's failure to timely perform its obligations hereunder, Subdivider recognizes that City reserves the right to revert the Property to acreage subject to the limitations and requirements set forth in California Government Code Sections 66499.11-66499-203/4. In this regard, Subdivider agrees that if the Works of Improvement have not been completed on or before December 31, 2013, and if City thereafter initiates proceedings to revert the Property to acreage, any improvements made by or on behalf of Subdivider after the date City initiates such action may not be considered in determining City's authority to revert the Property to acreage.

2.6. Time of the Essence. Time is of the essence of Subdivider's and City's performance of all of their respective obligations under this Agreement.

3. Labor.

3.1. Labor Standards. Subdivider shall be responsible for causing all contractors and subcontractors performing any of the Works of Improvement to comply with all applicable federal and state labor standards, including to the extent applicable the prevailing wage requirements promulgated by the Director of Industrial Relations of the State of California Department of Labor.

3.2. Nondiscrimination in Employment. The Subdivider covenants and agrees for itself, its successors and assigns and any successor-in-interest to the Property or part thereof, that all persons employed by or applying for employment by it, its affiliates, subsidiaries, or holding companies, and all subcontractors, bidders and vendors, are and will be treated equally by Subdivider without regard to race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth, or related medical condition, medical condition (cancer related) or physical or mental disability in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 200, et seq., the Federal Equal Pay Act of 1963, 29 U.S.C. § 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, et seq., the Immigration Discrimination in Employment Act of 1967, 29 U.S.C. § 621, et seq., the Immigration Reform and Control Act of 1986, 8 U.S.C. § 1324b, et seq,., 42 U.S.C. § 1981, the California Fair

Employment and Housing Act, California Government Code § 12900, et seq., the California Equal Pay Law, California Labor Code § 1197.5, California Government Code § 11135, the Americans with Disabilities Act, 42 U.S.C. § 12101, et seq., and all other anti-discrimination laws and regulations for the United States and the State of California as they now exist or may hereafter be amended.

3.3. Licensed Contractors. Subdivider shall cause all of the Works of Improvement to be constructed by contractors and subcontractors with valid California Contractors licenses for the type of work being performed and having City business licenses.

3.4. Workers' Compensation. Subdivider shall cause every contractor and subcontractor performing any of the Works of Improvement to carry Workers' Compensation Insurance as required by the Labor Code of the State of California and shall cause each such contractor and subcontractor to submit to City a Certificate of Insurance verifying such coverage prior to such contractor or subcontractor entering onto the job site.

4. Security.

4.1. Required Security.

(a) Performance. Subdivider will furnish to City the following bonds, or other security reasonably acceptable to City as provided in California Government Code Section 66499 as such section may be amended, and satisfying the requirements of the applicable provisions of this Section 4 with respect to that phase (hereinafter "Security Instruments"):

(i) A Security Instrument securing Subdivider's faithful performance of all of the Works of Improvement ("Faithful Performance Security Instrument"), in the amount of one hundred percent (150%) of the estimated construction costs the Works of Improvements for Parcel 71920, as described in Section 1.1 and **Exhibit "B."**

(ii) A Security Instrument guaranteeing the payment to contractors, subcontractors, and other persons furnishing labor, materials, and/or equipment ("Labor and Materials Security Instrument") with respect to the Works of Improvement in an amount equal to one hundred percent (150%) of the estimated construction cost for Tract 71920 or the applicable phase of Tract 71920, as described in Section 1.1 and **Exhibit "B."**

(iii) A Security Instrument guaranteeing the payment of the cost of setting monuments as required in Section 1.2 in the amount shown on **Exhibit "B"** for Tract 71920 or each respective phase of Tract 71920.

4.2. Form of Security Instruments. All Security Instruments shall be in the amounts required under Section 4.1, as applicable, shall meet the following minimum requirements and otherwise shall be in a form provided by City or otherwise approved by the City Attorney:

(a) Bonds. For Security Instruments provided in the form of bonds, any such bonds must be issued and executed by an insurance company or bank authorized to transact surety business in the State of California. Any insurance company acting as surety shall

have a minimum rating of A-IX, as rated by the current edition of Best's Key Rating Guide published by A.M. Best's Company, Oldwick, New Jersey, 08858. Any bank acting as surety shall have a minimum rating of AA, as rated by Moody's or Standard & Poor's.

(b) General Requirements For All Security Instruments. Payments under any Security Instrument shall be required to be made (and, with respect to bonds, litigation shall be required to be instituted and maintained) in the County of Los Angeles, State of California (and the Security Instrument shall so provide).

(i) Each Security Instrument shall have a minimum term of one (1) year after the deadline for Subdivider's completing the Works of Improvement, in accordance with Section 2.1 (other than liens on property, which shall have no defined term or expiration date).

(ii) Each Security Instrument shall reference Subdivider's obligations under this Agreement, shall be irrevocable, and shall include as an additional secured obligation the responsibility to compensate City for all of City's attorneys' fees and litigation expenses reasonably incurred in enforcing its rights under the Security Instrument.

(iii) Each Security Instrument shall provide that changes may be made in the Works of Improvement pursuant to the terms of this Agreement without notice to any issuer or surety and without affecting the obligations under such Security Instrument.

(iv) A final executed original of each Security Instrument shall be delivered to the City Clerk within three (3) days of execution of said Security Instrument.

4.3. Subdivider's Liability. While no action of Subdivider shall be required in order for City to realize on its security under any Security instrument, Subdivider agrees to cooperate with City to facilitate City's realization under any Security Instrument, and to take no action to prevent City from such realization under any Security Instrument. Notwithstanding the giving of any Security Instrument or the subsequent expiration of any Security Instrument or any failure by any surety or financial institution to perform its obligations with respect thereto, Subdivider shall be liable for performance under this Agreement and for payment of the cost of the labor and materials for the improvements required to be constructed or installed hereby and shall, within ten (10) days after written demand therefore, deliver to City such substitute security as City shall require satisfying the requirements in this Section 4.

4.4. Release of Security Instruments.

(a) City shall release the Faithful Performance Security Instrument for Parcel 71920 when all of the following have occurred:

(i) Subdivider has made written request for release and provided evidence of satisfaction of all other requirements in this section;

(ii) the Works of Improvement have been accepted and a Notice of Completion has been recorded; and

(iii) subject to the following sentences after passage of the time within which lien claims are required to be made pursuant to Article 3 (commencing with Section 3114) of Chapter 2 of Title 15 of Part IV of Division 3 of the California Civil Code or as such may be amended. If lien claims have been timely filed, City shall hold the Labor and Materials Security Instrument until such claims have been resolved, Subdivider has provided a statutory bond, or otherwise as required by applicable law.

(b) City shall within ten (10) days release any Lien when the items in Section 4.5(a) have occurred. In such a situation, City shall promptly execute and record a release of the Lien.

5. Cost of Construction and Provision of Inspection Service.

5.1. Subdivider Responsible for All Costs of Construction. Subdivider shall be responsible for payment of all costs incurred for construction and installation of the Works of Improvement.

5.2. Payment To City For Costs. Subdivider shall compensate City for all of City's costs reasonably incurred (i) in having its authorized representative make the usual and customary inspections of the Works of Improvement, (ii) for all design, plan check and evaluation of any proposed or agreed-upon changes in the work, and (iii) attorney costs for preparation of all necessary documents. In addition, Subdivider shall make such customary payments and deposits prior to the inspections of the Works of Improvement. The procedures for deposit and payment of such fees shall be as established by the City. In no event shall Subdivider be entitled to additional inspections or a final inspection and acceptance of any of the Works of Improvement until all City fees and charges have been fully paid, including without limitation, charges for applicable penalties and additional required inspections.

6. Acceptance of Offers of Dedication. Subdivider shall provide irrevocable offers of dedication for all property on which the Works of Improvement are to be located, and all other rights of way or easements required by the Conditions of Approval for the benefit of the public. The City Council shall pass an appropriate resolution or resolutions accepting all offers of dedication shown on each Map for the Property, upon completion and acceptance by City of the Works of Improvement. Such resolutions shall authorize the City Clerk to execute the Certificate made a part of the Map regarding said acceptance of the offer of dedication.

7. Warranty of Work. Subdivider shall guarantee all Works of Improvement against defective materials and workmanship for a period of one (1) year from the date of the Notice of Completion is recorded for Parcel 71920. If any of the Works of Improvement should fail or prove defective within said one (1) year period due to any reason other than improper maintenance, or if any settlement of fill or backfill occurs, or should any portion of the Works of Improvement fail to fulfill any requirements of the Plans, Subdivider, within fifteen (15) days after written notice of such defects, or within such shorter time as may reasonably be determined by the City in the event of emergency, shall commence to repair or replace the same together with any other work which may be damaged or displaced in so doing. Should Subdivider fail to remedy defective material and/or workmanship or make replacements or repairs within the period of time set forth above, City may make such repairs and replacements

and the actual cost, including but not limited to costs of materials, labor, contractors, architects, engineers, consultants, and attorneys, as well as fifteen percent (15%) overhead factor to pay City's administrative and associated costs will be paid for by the Subdivider. The warranty provided herein shall not be in lieu of, but shall be in addition to, any warranties or other obligations otherwise imposed by law. Upon expiration of this warranty period, Subdivider shall have no liability which may arise concerning operation and use of the Works of Improvement. Subdivider agreements with designers, contractors and subcontractors shall have substantially similar warranties making City a third party beneficiary.

8. Default.

8.1. Enforcement. If Subdivider refuses or fails to obtain prosecution of the Works of Improvement, or any severable part thereof, with such diligence as will ensure its completion within the time specified in this Agreement, or any extensions thereof, or fails to obtain completion of the work within such time, or if Subdivider is adjudged a bankrupt, makes a general assignment for the benefit of creditors, or if a receiver is appointed by reason of Subdivider's insolvency or default under a deed of trust, or if Subdivider, or any of the Subdivider's contractors, subcontractors, agents or employees, should violate any of the provisions of this Agreement, the City Engineer or City Council may serve written notice upon Subdivider and Subdivider's surety, if any has been selected pursuant to this Agreement, of breach of this Agreement, or of any portion thereof, and default of Subdivider ("Default Notice"). The Default Notice must set forth the nature of the breach or failure and the actions, if any, required by Subdivider to cure such breach or failure. Subdivider shall be deemed in "default" under this Agreement, where: (i) said breach or failure can be cured, but the Subdivider has failed to fully cure within thirty (30) days after the date of the Default Notice (subject to the provisions below), or (ii) a monetary default remains uncured for ten (10) days (or such lesser time as may be specifically provided in this Agreement).

8.2. Breach of Agreement, Performance by Surety. In the event of any Default Notice, Subdivider's surety, if any has been selected pursuant to this Agreement, shall have the duty to take over and complete the Works of Improvement. If the surety, within fifteen (15) days after the serving upon it of such Default Notice, does not give the City written notice of its intention to take over the performance of the contract, does not commence performance thereof within thirty (30) days after notice to the City of such election, does not diligently complete performance, or suspends or abandons performance for thirty (30) days after having commenced such performance, then the City may take over the Work of Improvement and prosecute the same to completion, by contract or by any other method the City may deem advisable, for the account and at the expense of Subdivider, and Subdivider's surety if any has been selected pursuant to this Agreement, shall be liable to the City for any cost or damages occasioned the City thereby, including interest at the rate permitted by law from the date the City demands payment of such cost, and including reasonable attorney's fees incurred by the City in enforcing Subdivider's obligations pursuant to this Agreement.

8.3. Breach of Agreement: Holders other than Surety. In the event the Security Instrument is other than a bond, at the expiration of the period for cure provided in the Default

Notice provided pursuant to Section 8.1 above, and if cure has not been completed, City may do the following:

(a) If security is the real property, City may take the enforcement actions specified in the deed of trust, covenants and conditions, or other recorded instrument to establish and collect the lien.

(b) If the security is a cash deposit with the City or instrument of credit with a financial institution, City shall have the right to withdraw such sums as the City finds necessary to pay the actual cost of performing the Work of Improvement, including but not limited to costs of materials, labor, contractors, architects, engineers, consultants, and attorneys, as well as fifteen percent (15%) overhead factor to pay City's administrative and associated costs. Subdivider shall have no right to approve or prevent withdrawal but shall have the right to sue City for damages or injunctive relief if City's withdrawal of the monies is unjustified.

8.4. Breach of Agreement; Actions by City. Following Default Notice and Subdivider's failure to timely cure a default, and if the surety fails to perform under Section 8.2, or, if no surety, then if City elects to levy on any other security under Section 8.3, then is such event, the City, without liability for so doing, may take possession of, and utilize in completing the Work of Improvement of such materials, appliances, plant and other property belonging to Subdivider as may be on the job site of the Work of Improvement and necessary therefore.

8.5. Additional Subdivision Remedies for Breach. In addition to any other remedies set forth in this Agreement for breach or default of this Agreement by Subdivider, the City may, in its discretion, elect to use the Subdivision Map Act remedies including causing to be filed for record with the County Recorder a notice of intention to record a notice of violation of the terms of this Agreement.

8.6. Remedies Not Exclusive. In any case where this Agreement provides a specific remedy to City for a default by Subdivider hereunder, such remedy shall be in addition to, and not lieu of, City's right to pursue any other administrative, legal, or equitable remedy to which it may be entitled.

8.7. Attorney's Fees and Costs. In the event that Subdivider or City fails to perform any obligation under this Agreement, Subdivider or City agrees to pay all costs and expenses incurred by Subdivider or City in securing performance of such obligations, including costs of suit and reasonable attorney's fees. In the event of any dispute arising out of Subdivider's or City's performance of its obligations under this Agreement or under any of the Security Instruments referenced herein, the prevailing party in such action, in addition to any other relief which may be granted, shall be entitled to recover its reasonable attorney's fees and costs. Such attorney's fees and costs shall include fees and costs on any appeal, and in addition a party entitled to attorney's fees and costs shall be entitled to all other reasonable costs incurred in investigating such action, taking depositions and discovery, retaining expert witnesses, and all other necessary and related costs with respect to the litigation. All such fees and costs shall be deemed to have accrued on commencement of the action and shall be enforceable whether or not the action is prosecuted to judgment.

9. Indemnity. During the one (1) year warranty period established in Section 7 of this Agreement, Subdivider agrees to indemnify, defend, and hold harmless City and City's officers, employees, and agents from and against any and all claims, liabilities, losses, damages, causes of action, and obligations arising out of Subdivider's performance of or failure to perform the construction and installation of the Works of Improvement in accordance with the requirements contained or referenced in this Agreement. Said indemnity obligation shall apply to personal injury, death, property damage, economic loss, and any other monetary damage or penalty to which City may be subjected, including without limitation, attorneys' fees and costs and the costs of realizing on any Security Instrument provided by Subdivider pursuant to the terms hereof.

10. Insurance. Subdivider shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than $1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of $100,000 per person and $300,000 per occurrence and property damage liability limits of $150,000 per occurrence or (ii) combined single limit liability of $1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Subdividers's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Subdivider shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section to the Contract Officer. No work or services under this Agreement shall commence until the Subdivider has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City Manager or other designee of the City due to unique circumstances.

11. General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Subdivider's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Subdivider shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 10 to the Contract Officer. No work or services under this Agreement shall commence until the Subdivider has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

All certificates shall name the City as additional insured (providing the appropriate endorsement) and shall conform to the following "cancellation" notice:

CANCELLATION:
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATED THEREOF, THE ISSUING COMPANY SHALL MAIL THIRTY (30)-DAY ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER NAMED HEREIN.

[to be initialed] _____

Agent Initials

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Subdivider performs; products and completed operations of Subdivider; premises owned, occupied or used by Subdivider; or automobiles owned, leased, hired or borrowed by Subdivider. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Subdivider's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, directors, officials, agents, employees and volunteers or the Subdivider shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Subdivider agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Subdivider may be held responsible for the payment of damages to any persons or property resulting from the Subdivider's activities or the activities of any person or persons for which the Subdivider is otherwise responsible nor shall it limit the Subdivider's indemnification liabilities as provided in Section 9.

In the event the Subdivider subcontracts any portion of the work in compliance with Section 3.3 of this Agreement, the contract between the Subdivider and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Subdivider is required to maintain pursuant to Sections 10 and 11, and such certificates and endorsements shall be provided to City.

12. General Provisions.

12.1. Obligation to Refrain from Discrimination. The Subdivider covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, handicap, national origin or ancestry in the sale, lease, sublease, transfer, use,

occupancy, tenure or enjoyment of the Property, nor shall the Subdivider itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

(a) The Subdivider shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, creed, religion, sex, marital status, handicap, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(i) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, handicap, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

(ii) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions:

> "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, handicap, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

(iii) In contracts: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, creed, religion, sex, marital status, handicap, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself or herself of any person claim under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

12.2. Assignment; Successors and Assigns. This Agreement may be assigned by Subdivider to any party upon prior written consent of the City, which consent may not be unreasonably withheld. This Agreement shall be binding upon all successors and assigns to Subdivider's right, title, and interest in and to the Property and any portion thereof, so that all

rights and obligations set forth in this Agreement shall run with the Property subject to each and all of the Maps.

12.3. No Third Party Beneficiaries. This Agreement is intended to benefit only the parties hereto and their respective successors and assigns. Neither City nor Subdivider intend to create any third party beneficiary rights in this Agreement in any contractor, subcontractor, member of the general public, or other person or entity.

12.4. Entire Agreement; Waivers and Amendments. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof, except as may be expressly provided herein. All waivers of the provisions of this Agreement must be in writing and signed by an authorized representative of the party to be charged, and all amendments hereto must be in writing and signed by the appropriate representatives of both parties.

12.5. Cooperation and Good Faith. This Agreement contemplates a series of actions, approvals and other administrative decisions to implement its provisions and construct the Works of Improvements. The parties hereto shall cooperate reasonably and in good faith to timely achieve the purposes of this Agreement for the mutual benefit of the City and Subdivider.

12.6. Authority to Enter Agreement. Each party executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to bind and if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right and authority to enter into this Agreement and perform all of its obligations hereunder.

[SIGNATURES ON FOLLOWING PAGE]

"CITY"

CITY OF BELL, CALIFORNIA, a municipal corporation

_____

Doug Willmore, City Manager

ATTEST:

_____

Rebecca Valdez CMC, City Clerk

APPROVED AS TO FORM:

_____

David J. Aleshire, Esq., City Attorney

"SUBDIVIDER"
FIRST INDUSTRIAL, L.P

_____

Ryan McClean, Senior Regional Director
898 N. Sepulveda, Suite 750
El Segundo, CA, 90245

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EXHIBIT "A"

SUBDIVISION OFF-SITE IMPROVEMENT AGREEMENT – PARCEL 71920

Legal Description of Property

EXHIBIT "B"

SUBDIVISION IMPROVEMENT AGREEMENT - PARCEL 71920

CONDITIONS OF APPROVAL

Description and Cost Estimate

Parcel No.	Works of Improvement	Estimated Cost
71920	Street and related Improvements	$380,962.20
71920	Storm Drainage Improvements	$15,784.80
	TOTAL	$396,747.00

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Pamela Wasserman, Director of Community Services

APPROVED: _____
BY Doug Willmore, City Manager

SUBJECT: Adopt Resolution 2012-81

RECOMMENDATION

It is recommended that the City Council adopt resolution 2012-81 making the City of Bell a HEAL (Healthy Eating Active Living) City.

BACKGROUND

The Healthy Eating Active Living (HEAL) Campaign is a partnership between the League of California Cities, California Center for Public Health Advocacy, and the Cities, Counties and Schools Partnership. The purpose of the HEAL Campaign is to provide training and technical assistance to city officials to adopt policies to improve their community's physical activity and nutrition.

The City of Bell has collaborated with the HEAL campaign to make a positive "healthy" change in the community. One out of every three children is Bell is obese. With obesity comes health problems such as diabetes and high blood pressure. Additionally, large health care bills have proven to be more hurtful to families with low or no income. Knowing these statistics, the Community Services Department has taken great strides to apply for all health and wellness related grants as well as to establish strong collaborative with local and regional health and wellness organizations.

In September 2012, the City of Bell applied for a US Soccer Foundation Grant focused on bringing new nutrition curriculum to our Soccer Program. Our Department will continue to search for these types of grant funds allocated toward policy development in the area of health and wellness. If we receive this grant or other comparable grants, the City of Bell will be one step closer in fighting this health epidemic facing our community.

Additionally, the City's entire executive team: City Manager, Chief of Police, Director of Community Development, City Clerk/Personnel, Finance Director, and Community Services Director have given their support and are committed advocates for the residents in the area of health and wellness. Once approved, the City will have access to free marketing material resources and use of the HEAL campaign logo.

FISCAL IMPACT

None

ATTACHMENTS:

1. Resolution 2012-81

RESOLUTION NO: 2012-81

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELL ADOPTING THE HEALTHY EATING ACTIVE LIVING (HEAL) CAMPAIGN

WHEREAS, in 2004, the League of California Cities adopted an Annual Conference resolution to encourage cities to embrace policies that facilitate activities to promote healthier lifestyles and communities, including healthy diet and nutrition and adoption of city design and planning principles that enable citizens of all ages and abilities to undertake exercise; and

WHEREAS, 47.1 percent of Bell children are obese or overweight, compared to 38 percent of children statewide according to the Los Angeles County Department of Public Health (LACDPH), and therefore at risk for many chronic conditions including diabetes, heart disease, cancer, arthritis, stroke, and hypertension, and

WHEREAS, obesity shortens the average lifespan by at least four to nine months, and if childhood obesity continues to increase, it could reduce life expectancy by five years over the next several decades; and

WHEREAS, overweight, obesity, and physical inactivity take a tremendous toll on the health and productivity of all Californians – exceeding $41 billion annually; and

WHEREAS, the United States Surgeon General has issued a call to action to prevent and decrease overweight and obesity, and the United States Department of Health and Human Services has made reducing the proportion of overweight and obese children and adolescents a key goal; and

WHEREAS, supporting the health of residents and the local workforce would decrease chronic disease and health care costs and increase productivity;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, DOES HEREBY SUPPORT THE HEALTHY EATING ACTIVE LIVING (HEAL) CITY RESOLUTION.

SECTION 1. BE IT FURTHER RESOLVED that Bell planners, engineers, park and recreation department, community economic and redevelopment personnel responsible for the design and construction of parks, neighborhoods, streets, and business areas, should make every effort to: 1. Design neighborhoods to include amply sidewalks, safe crossings, adequate lighting, and traffic calming features that encourages people to walk. 2. Plan and construct a built environment that encourages walking, biking and other forms of physical activity. 3. Include health goals and policies related to physical activity in the general plan update and specific area plans.

SECTION 2. BE IT FURTHER RESOLVED that in order to promote wellness within the City of Bell, and to set an example for other businesses, Bell will make every effort to create a wellness policy that encourages: 1. Employees to walk to meetings and use stairways. 2. Accommodate breastfeeding employees upon their return to work. 3. Set nutrition standards for food offered at city events, city sponsored meetings, served at city facilities, city concessions, and city programs.

SECTION 3. BE IT FURTHER RESOLVED that the City of Bell planners, community economic personnel responsible for the design and of parks, neighborhoods, streets, and business areas, should make every effort to: 1. Increase the presence of grocery stores that sell affordable healthy foods in economically disadvantaged neighborhoods encouraging residents to purchase healthy foods. 2. Menu-labeling in non-chain and small-chain restaurants to sell healthier products (those not subject to the federal menu-labeling law) by providing resources such as nutritional analysis and assistance in the development of healthy menu item alternatives, and/or incentives for businesses such as inclusion in public recognition programs.

SECTION 4. BE IT FURTHER RESOLVED that the head of each affected agency or department should report back to the City Council annually regarding steps taken to implement the Resolution, additional steps planned, and any desired actions that would need to be taken by the city council.

PASSED, APPROVED AND ADOPTED On December 5, 2012.

Ali Saleh, Mayor

APPROVED AS TO FORM:

David Aleshire, City Attorney

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Rebecca Valdez, City Clerk of the City of Bell, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Bell City Council at its regular meeting held on the 5th day of December, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rebecca Valdez, CMC, City Clerk

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: **Fiscal Year 2009-2010 Annual Financial Report**

RECOMMENDATION:

Receive and file.

BACKGROUND:

The Bell City Charter, Article VI, Section 604 (c) establishes that the Chief Administrative Officer shall "prepare and submit to the City Council as of the end of each fiscal year, a complete report on the finances and administrative activities of the City for the preceding fiscal year."

During the two-year period following the 2010 Bell scandal, that which included allegations of malpractice against the City's former audit firm, extensive damage was done to the routine accounting functions of the Finance Department. What's more, these extraordinary events conspired to postpone work on the complicated and time-consuming processes necessary for year-end audits.

The audit for Fiscal Year 2009-2010 was recently completed by the City's new audit firm, Macias, Gini & O'Connell (MGO), and is the subject of this Agenda Report. Audits for Fiscal Years 2010-2011 and 2011-12 remain to be completed. Fieldwork for the FY 2010-11 audit is expected to commence within weeks.

AUDIT SUMMARY:

The Independent Auditor's Report (pp. 1 -3) expresses opinion on the City's FY 2010 financial statements. Given the egregious nature of the scandal and related events, MGO's opinion of the financial statements is hybrid in nature.

On one hand, MGO expresses a qualified opinion insofar as it pertains to former management's practice of "allocating direct payroll and benefit expenditures based on budget estimates." In plain language, this unfavorable opinion refers to the Rizzo administration's practice of budgeting excessive salaries and benefits for top administrators in various funding sources in a manner designed to avoid public discovery.

On the other hand, MGO offers unqualified (positive) opinion on the financial position of the Retirement Fund, the CRA Debt Service Fund, the Capital Projects Fund and the Supplemental Retirement Plan Trust Fund.

Jim Godsey, the MGO partner in charge of the Bell engagement, will make a presentation to the City Council at its December 5th meeting.

SIGNIFICANT OBSERVATIONS:

- ✓ The City's net assets (excess of assets, including infrastructure, over liabilities) are $18.8 million.
- ✓ The value of infrastructure assets (streets, curbs & gutter, sidewalks, etc) is $26 million.
- ✓ The spreadsheet that follows displays a five-year history of General Fund outcomes at year end. Several observations are in order.

General Fund -- Statement of Revenue, Expenditures & Transfers
At Fiscal Year End

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	13,881,077	14,774,415	14,837,641	14,151,148	14,493,148
Expenditures	12,990,792	14,580,110	15,543,983	15,905,414	17,056,700
Excess/(Deficiency) Before Transfers	890,285	194,305	(706,342)	(1,754,266)	(2,563,552)
Transfers In	800,526	824,611	1,192,074	2,468,250	2,218,252
Transfers Out	(521,436)	(419,151)	(469,373)	(494,716)	(565,781)
Net Transfers	279,090	405,460	722,701	1,973,534	1,652,471
Special Item					(2,934,144)
Net Change in Fund Balance	1,169,375	599,765	16,359	219,268	(3,845,225)

Source: Comprehensive Annual Financial Reports (CAFR)

The Great Recession took grip on California governments beginning in FY 2008. What's interesting about the revenue pattern in FY 2008, FY 2009 and FY 2010 is the relative consistency of collections. Most agencies experienced much harsher declines; most agencies did not rebound in FY 2010. This likely has to do with the fact that Bell's property tax base and sales tax base were already in weak positions to begin with; the City does not enjoy the benefits of increasing consumer spending during good times, so it has less to lose during bad times.

The sharp increase in expenditures in FY 2010, the audit year, is explained in large part by the significant increase in payroll for the City Council and top administrators of the

Rizzo administration. (See Note 8, p. 50). As stated in the State Controller's Office report, "In FY 2010, the City expended $2,391,544 in salaries and $3,385,783 in compensation for six top administrators, City Council members, and the mayor."

With regard to transfers in, there is a break in pattern and sharp increase after FY 2007. It is within reason to conclude that increased transfers in from other funds were designed to offset the augmented salaries and compensation of the Rizzo administration while creating a balanced budget at year end, thereby avoiding scrutiny.

The net change in General Fund fund balance between FY 2009 and FY 2010 is ($3,845,225). The majority of this negative outcome is attributable to the special item our auditors display on the General Fund income statement (see p.14). In November of 2010 the City, through the General Fund, repaid to property owners the $2,934,144 excess pension assessment deliberately mis-applied to property tax bills by the Rizzo administration.

✓ The General Fund's reserve position over the past five years tells an unfortunate and confusing story.

City of Bell
General Fund Reserves

	Actual at June 30, 2006	Actual at June 30, 2007	Actual at June 30, 2008	Actual at June 30, 2009	Actual at June 30, 2010
Total Reserves	8,072,568	6,431,123	9,084,829	10,987,770	1,697,954
Reserves as % of Expenditures	62.1%	44.1%	58.4%	69.1%	10.0%

The severe decline in unreserved fund balance between FY 2009 and FY 2010 owes itself not only to excessive expenditures and the refunding of excessive pension assessments, but also to MGO's restatement of beginning fund balances via write-offs of outstanding interfund balances "owed" the General Fund from other funds lacking the ability to repay the General Fund. The General Fund, in other words, carried loans on its balance sheet that could not be repaid, and this inflated the reserve position of the General Fund. In all, $5,459,596 was written off.

Intent to deceive does not appear to be at the root of the inflated fund balances represented in prior audits. This situation was greatly exacerbated by the unexpected dissolution of the Bell Redevelopment Agency: $4,253,286 of the write offs pertain to amounts owed by the former Redevelopment Agency.

The changes in reserve positions from year to year through FY 2009 in the above spreadsheet are confusing to follow. For example, in FY 2007 the City had excess revenue over expenditures of $599,765, yet reserves were decreased by $1,641,445.

Closer examination of the FY 2007 audit notes reveals that the General Fund advanced $2,115,313 to the Public Financing Authority for purchase of the GSA property.

In another example, that occurring in FY 2008, the General Fund completed the year with a $16,359 excess revenue position, but General Fund cash and equivalents in the balance sheet increased by $569,022. Also in this year the reserved versus unreserved components of General Fund reserves were effectively shifted: in FY 2007 reserved fund balance was $9,020,157, unreserved fund balance was $6,431,123. In FY 2008 reserved fund balance was $6,382,810, unreserved fund balance was $9,084,829.

Without inquiry beyond the parameters of this report, it is difficult to determine if intent to deceive, sloppy accounting practices or poor auditor review – or some combination of these things – explains the changes between years. It is clear that the prior City administration relied upon transfers and advances to support its activities, some of which have questionable legal authority. Such transactions can be difficult to follow for the casual reader of financial statements.

The General Fund unreserved fund balance at June 30, 2010 as represented by the City's new auditors can be considered an accurate representation of reserves.

The General Fund's unreserved fund balance position at June 30, 2010 is $1,697,954, an amount representing a 10% reserve position. The City's Budget and Fiscal Policies stipulate that the City will strive to attain a 25% reserve position.

✓ The City made unsecured interest bearing loans to members of the City Council, City officials, City employees, and local businesses at the discretion of former CAO Rizzo. The outstanding loans receivable balance at June 30, 2010 is $832,443. This amount is now reflected in the financial statements. In FY 2009, the year of the prior audit, the portion of the loans made to the City Council, City officials and City employees, $462,425, was not reported in the financial statements. It would be reasonable to assume this omission to be deliberate.

MGO has agreed to a City request to further audit and report on the City loans to City officials and employees. The report -- likely to be published in December or early January – will offer insight into the methodology of the transactions and their subsequent repayment mechanisms.

✓ In FY 2010, the City's Retirement Fund had an excess of revenue to expenditures of $422,256 before transfers out. After transfer out of $874,977 for payment of debt service on the Pension Obligation Bonds, the net change in fund balance was ($452,721). Fund reserves at June 30, 2010 are a slim $88,894.

The City's prior audit firm had recorded a fund deficit of ($3,049,483) at June 30, 2009. MGO, as part of the write offs discussed above restated the fund balance for FY 2009 to $1,991,615.

The Retirement Fund, owing to obligations supporting employee and retiree pensions, operates on a very slim margin that may not be sustainable in the longer-term. In the current fiscal year, FY 2013, the Fund is expected to cover all obligations with a $16,727 excess.

- ✓ The Notes to the Financial Statements in FY 2010 Annual Financial Report offer generous description of several areas of critical importance to the City's financial condition. Narrative accounts of cash and investments, capital assets, debt obligations, the employee loan program, supplemental retirement program, excess employee compensation, legal contingencies and redevelopment dissolution, to name a few, are highly recommended reading for all interested parties.

STATEMENT ON AUDITING STANDARDS (SAS) NO. 112

In May 2006, the American Institute of Certified Public Accountants (AICPA), the national professional organization for certified public accountants, issued its Statement on Auditing Standards (SAS) No. 112, Communicating Internal Control Related Matters Identified in an Audit. SAS No. 112 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client's internal control over financial reporting. *This new standard requires the auditor to report in writing to management and the governing body any internal control deficiencies found during the audit.*

MGO's SAS 112 letter to the City Council offers elaboration on the Notes to the Financial Statements, underscoring the many "sensitive disclosures" contained therein.

The letter also includes a required section entitled "Difficulties Encountered in Performing the Audit." MGO offers that the completion of the FY 2010 audit "was complicated" by delays in obtaining information for items (e.g., supplemental retirement plan, employee loan program) that had not been recorded in prior audits. MGO was, in addition, required to make numerous adjustments to the financial statements due to improper financial reporting and inadequate supporting documentation.

Under the section entitled "Corrected and Uncorrected Misstatements" MGO presents a detailed list of the audit adjustments it made.

Under the section entitled "Disagreement with Management" MGO reports that no disagreements arose during the audit.

MGO partner in charge of the Bell engagement Jim Godsey will make a presentation to the City Council at its December 5th meeting and be available to respond to specific questions about the SAS 112 letter.

ATTACHMENTS

City of Bell Annual Financial Report for the Fiscal Year Ended June 30, 2010
Statement on Auditing Standards (SAS) No. 112 Letter from MGO Certified Public Accountants

CITY OF BELL, CALIFORNIA

Annual Financial Report

For the Fiscal Year Ended June 30, 2010

CITY OF BELL
Annual Financial Report
June 30, 2010

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MGO Certified Public Accountants.

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Los Angeles, CA 90067
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Oakland

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Bell
Bell, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bell, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 10 to the financial statements, direct payroll and benefit expenditures of $8.6 million and $2.9 million were allocated to the General Fund and the aggregate nonmajor governmental funds, respectively, based on budget estimates rather than time spent on the program or function. There is no supporting documentation beyond the budget for the allocation of the payroll and benefit expenditures to the various funds. Accounting principles generally accepted in the United States of America require that such allocations represent reasonable estimates of actual costs incurred. The amount by which this departure would affect the expenditures and fund balances of the General Fund and the aggregate nonmajor governmental funds and the classification of functional expenses in the government-wide statement of activities is not reasonably determinable.

In our opinion, except for the effects of allocating direct payroll and benefit expenditures based on budget estimates for the governmental activities, the General Fund and the aggregate nonmajor governmental funds as described in the preceding paragraph, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund and the aggregate nonmajor governmental funds of the City as of June 30, 2010, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Retirement Special Revenue Fund, the Community Redevelopment Agency Debt Service Fund, the City Capital Projects Fund and the Supplemental Retirement Plan Trust Fund of the City as of June 30, 2010, and the respective changes in financial

position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 7 to the financial statements, the City was in default on the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note in November 2010 and in October 2010, respectively. The outstanding principal due for the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note were $35 million and $4.4 million, respectively, and are reported as long-term liabilities that are due within one year.

As discussed in Note 15 to the financial statements, numerous claims and lawsuits, such as those brought by former employees and City Council members, have been filed against the City. The possible outcomes of some of the claims and lawsuits are uncertain at this time. Accordingly, no provision for liability associated with these claims and lawsuits have been made in the financial statements.

As discussed in Note 19 to the financial statements, on June 29, 2011, the State of California enacted legislation that provides for the dissolution of redevelopment agencies in the State of California (Assembly Bill 1X 26) unless certain payments can be made to the State of California (Assembly Bill 1X 27). On December 29, 2011, the California Supreme Court (Court) largely upheld the legislation for the dissolution of redevelopment agencies under Assembly Bill 1X 26. Furthermore, the Court invalidated Assembly Bill 1X 27. Accordingly, the Bell Community Redevelopment Agency (Agency) was dissolved as of February 1, 2012 pursuant to the legislation. The financial statements do not include any adjustments as a result of the dissolution of the Agency.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules for the General Fund and major Retirement Special Revenue Fund, and the schedules of funding progress listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining nonmajor governmental funds financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor governmental funds financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of allocating direct payroll and benefit expenditures based on budget estimates as discussed in a preceding paragraph, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Macias Gini & O'Connell LLP

Los Angeles, California
October 17, 2012

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BASIC FINANCIAL STATEMENTS

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CITY OF BELL
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets:	
Cash and investments	$ 13,783,328
Restricted cash and investments	28,010,613
Receivables:	
Accounts	494,351
Accrued interest	2,040
Loans	832,443
Prepaid expenses	87,173
Due from other governments	2,606,050
Deferred loans	381,652
Land held for development	855,230
Deferred charges	2,318,704
Prepaid asset - CALPERS	5,647,864
Prepaid asset - Supplemental Retirement	471,413
Capital assets, nondepreciable	63,569,329
Capital assets, net of accumulated depreciation	61,274,353
Total assets	180,334,543
Liabilities:	
Accounts payable	5,719,576
Accrued payroll	247,108
Interest payable	1,941,308
Deposits payable	237,756
Due to other governments	39,833
Unearned revenue	61,611
Long-term liabilities:	
Due within one year	43,717,955
Due in more than one year	109,560,624
Total liabilities	161,525,771
Net Assets:	
Invested in capital assets, net of related debt	26,000,523
Restricted for:	
Low and moderate housing	4,216,827
Retirement	1,538,894
Public safety	362,266
Public works	5,300,447
Community services	771,759
Unrestricted (deficit)	(19,381,944)
Total net assets	$ 18,808,772

See accompanying notes to basic financial statements.

CITY OF BELL
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Charges for Services
Governmental activities:		
General government	$ 15,586,683	$ 4,542,713
Public safety	8,364,264	1,716,625
Community services	8,669,742	262,775
Public works	5,931,579	18,875
Pass through agreements	3,670,479	-
Interest	6,538,413	-
Total governmental activities	$ 48,761,160	$ 6,540,988

See accompanying notes to basic financial statements.

Program Revenues		Net Expense and Change in Net Assets
Operating Contributions and Grants	Capital Contributions and Grants	Total
$ 3,076,273	$ 84,922	$ (7,882,775)
136,325	24,629	(6,486,685)
866,159	44,669	(7,496,139)
1,862,367	1,658,273	(2,392,064)
-	-	(3,670,479)
-	-	(6,538,413)
$ 5,941,124	$ 1,812,493	(34,466,555)

General revenues:	
Taxes:	
Property taxes	11,448,452
Franchise taxes	560,165
Utility taxes	3,123,729
Real property transfer taxes	29,087
Intergovernmental (unrestricted)	5,704,173
Investment income	21,810
Gain on sale of capital assets	40,696
Other	1,098,844
Special item - repayment of excess pension assessment	(2,934,144)
Total general revenues and special item	19,092,812
Change in net assets	(15,373,743)
Net assets at beginning of year, as restated	34,182,515
Net assets at end of year	$ 18,808,772

See accompanying notes to basic financial statements.

CITY OF BELL
Governmental Funds
Balance Sheet
June 30, 2010

Assets	General	Special Revenue Fund: Retirement	Debt Service Fund: Community Redevelopment Agency
Assets:			
Cash and investments	$ 4,658,606	$ 54,484	$ 81,526
Restricted cash and investments	-	-	2,040,119
Receivables:			
Accounts	360,144	-	-
Accrued interest	853	-	-
Deferred loans	-	-	-
Loans	832,443	-	-
Prepaid items	7,800	-	-
Due from other governments	419,917	179,553	333,950
Due from other funds	574,742	32,745	10,877
Advances to other funds	4,375,946	1,450,000	-
Land held for development	-	-	-
Total assets	$ 11,230,451	$ 1,716,782	$ 2,466,472
Liabilities and Fund Balances (Deficit)			
Liabilities:			
Accounts payable	$ 3,939,227	$ 171,271	$ -
Accrued payroll	186,193	-	-
Deposits payable	188,574	-	-
Due to other governments	-	-	39,833
Due to other funds	2,314	6,617	117,326
Advances from other funds	-	-	7,131,985
Unearned revenue	-	-	-
Deferred revenue	832,443	-	-
Total liabilities	5,148,751	177,888	7,289,144
Fund balances (deficit):			
Reserved for:			
Prepaid items	7,800	-	-
Land held for development	-	-	-
Debt service	-	-	2,040,119
Advances to other funds	4,375,946	1,450,000	-
Unreserved, reported in:			
General fund	1,697,954	-	-
Special revenue funds	-	88,894	-
Debt service funds	-	-	(6,862,791)
Capital projects funds	-	-	-
Total fund balances (deficit)	6,081,700	1,538,894	(4,822,672)
Total liabilities and fund balances	$ 11,230,451	$ 1,716,782	$ 2,466,472

See accompanying notes to basic financial statements.

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Capital Projects Fund: City Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ 8,988,712	$ 13,783,328
24,362,173	1,608,321	28,010,613
-	134,207	494,351
-	1,187	2,040
-	381,652	381,652
-	-	832,443
4,240	75,133	87,173
-	1,672,630	2,606,050
23,403	74,824	716,591
-	1,429,699	7,255,645
-	855,230	855,230
$ 24,389,816	$ 15,221,595	$ 55,025,116
$ 159,350	$ 1,449,728	$ 5,719,576
-	60,915	247,108
-	49,182	237,756
-	-	39,833
376,208	214,126	716,591
-	123,660	7,255,645
-	61,611	61,611
-	381,652	1,214,095
535,558	2,340,874	15,492,215
4,240	75,133	87,173
-	855,230	855,230
-	810,098	2,850,217
-	1,429,699	7,255,645
-	-	1,697,954
-	8,911,846	9,000,740
-	2,440	(6,860,351)
23,850,018	796,275	24,646,293
23,854,258	12,880,721	39,532,901
$ 24,389,816	$ 15,221,595	$ 55,025,116

See accompanying notes to basic financial statements.

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CITY OF BELL
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2010

Fund balances - total governmental funds		$ 39,532,901
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets net of depreciation have not been included as financial resources in the governmental funds balance sheet.		
Capital assets	$ 159,510,605	
Accumulated depreciation	(34,666,923)	
Net capital assets		124,843,682
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets.		
Taxable allocation bonds	(23,440,000)	
Taxable pension revenue bonds	(7,490,000)	
Taxable lease revenue bonds	(35,000,000)	
Lease revenue bonds	(19,335,000)	
General obligation bonds	(50,000,000)	
Certificates of participation	(2,090,000)	
Promissory note	(4,388,091)	
Other post-employment benefits obligation	(4,076,008)	
Capital lease	(33,113)	
Unamortized bond premium	(756,856)	
Liability claims	(4,378,528)	
Compensated absences	(2,290,983)	
		(153,278,579)
Bond issuance costs applicable to newly issued debt is a current period expenditure, but is capitalized on the statement of net assets, net of current period amortization.		2,318,704
Accrued interest payable for the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		(1,941,308)
Pension contributions in excess of actuarially required amounts were expenditures at the fund level but are deferred and subject to amortization in the statement of net assets.		
Prepaid pension asset - CALPERS	5,647,864	
Prepaid pension asset - Supplemental Retirement	471,413	
		6,119,277
Loans receivable are initially reported as an expenditure in governmental funds and then reported as a receivable and deferred revenue at fiscal year-end. The deferred revenue is eliminated in the statement of net assets.		1,214,095
Net assets of governmental activities		$ 18,808,772

See accompanying notes to basic financial statements.

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CITY OF BELL
Governmental Funds
Statement of Revenues, Expenditures, and Change in Fund Balances (Deficit)
For the Fiscal Year Ended June 30, 2010

	General	Special Revenue Fund: Retirement	Debt Service Fund: Community Redevelopment Agency
Revenues:			
Taxes:			
Property taxes	$ 1,962,403	$ 4,159,323	$ 5,326,726
Sales and use taxes	1,928,371	-	-
Franchise taxes	489,929	-	-
Utility taxes	3,123,729	-	-
Real property transfer taxes	29,087	-	-
Licenses and permits	1,099,263	-	-
Fines and forfeitures	991,950	-	-
Charges for services	1,222,867	-	-
Intergovernmental	3,085,475	-	-
Investment income	3,865	-	589
Lease income	125,552	-	-
Other	419,907	16,045	-
Total revenues	14,482,398	4,175,368	5,327,315
Expenditures:			
Current:			
General government	6,514,835	2,415,470	60,392
Public safety	6,084,369	1,337,642	-
Community services	1,380,579	-	-
Public works	687,948	-	-
Pass-through agreements	-	-	3,670,479
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	2,388,969	-	1,489,985
Principal payments	-	-	996,092
Total expenditures	17,056,700	3,753,112	6,216,948
Excess (deficiency) of revenues over (under) expenditures	(2,574,302)	422,256	(889,633)
Other financing sources (uses):			
Proceed from sale of capital assets	10,750	-	-
Transfers in	2,218,252	-	803,370
Transfers out	(565,781)	(874,977)	(1,351,970)
Total other financing sources (uses)	1,663,221	(874,977)	(548,600)
Special item:			
Repayment of excess pension assessment	(2,934,144)	-	-
Net change in fund balances	(3,845,225)	(452,721)	(1,438,233)
Fund balances at beginning of year, as restated	9,926,925	1,991,615	(3,384,439)
Fund balances (deficit) at end of year	$ 6,081,700	$ 1,538,894	$ (4,822,672)

See accompanying notes to basic financial statements.

Capital Projects Fund		
City Capital Projects	Nonmajor Governmental Funds	Total
$ -	$ -	$ 11,448,452
-	-	1,928,371
-	70,236	560,165
-	-	3,123,729
-	-	29,087
-	-	1,099,263
-	48,203	1,040,153
-	45,055	1,267,922
-	7,779,937	10,865,412
-	17,356	21,810
-	3,672,103	3,797,655
4,715	560,468	1,001,135
4,715	12,193,358	36,183,154
-	1,604,375	10,595,072
-	441,677	7,863,688
-	1,984,536	3,365,115
-	3,880,578	4,568,526
-	-	3,670,479
1,968,801	2,901,313	4,870,114
-	2,419,105	6,298,059
-	930,000	1,926,092
1,968,801	14,161,584	43,157,145
(1,964,086)	(1,968,226)	(6,973,991)
-	45,150	55,900
-	4,988,760	8,010,382
(1,718,252)	(3,499,402)	(8,010,382)
(1,718,252)	1,534,508	55,900
-	-	(2,934,144)
(3,682,338)	(433,718)	(9,852,235)
27,536,596	13,314,439	49,385,136
$ 23,854,258	$ 12,880,721	$ 39,532,901

See accompanying notes to basic financial statements.

CITY OF BELL
Reconciliation of the Statement Revenues, Expenditures, and Changes in Fund Balances (Deficit) of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net change in fund balances - total governmental funds		$ (9,852,235)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Acquisition of capital assets	$ 4,870,114	
Deletion of capital assets	(4,469,672)	
Depreciation expense	(2,931,624)	(2,531,182)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. New debt issued is an other financing source and the associated interest is recorded as expenditures in the governmental funds . Other long-term liabilities are not recorded as expenditures in the governmental funds but as expenses in the statement of activities. Unamortized deferred charges are included in the statement of net assets and are amortized as an expense in the statement of activities.		
Principal - tax allocation bonds	800,000	
Principal - revenue bonds	825,000	
Principal - certificates of participation	105,000	
Principal - promissory note	196,092	
Capital lease payment	31,368	
Increase in estimated liability claims	(2,544,571)	
Amortization premium	28,077	
Amortization of deferred charges	(91,245)	
Decrease in compensated absences	241,904	
Increase in other post-employment benefits obligation	(2,041,726)	(2,450,101)
This is the net change in accrued interest related to long-term debt for the current period.		(149,108)
The amortization of the prepaid pension assets reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		(460,749)
Certain loans are recorded as expenditures in the governmental funds when issued. Repayments of these long-term loans are recorded as revenues in the governmental funds when collected. However, neither of these transactions have an effect on net assets.		69,632
Change in net assets of governmental activities		$ (15,373,743)

See accompanying notes to the basic financial statements.

CITY OF BELL
Statement of Fiduciary Net Assets
Supplemental Retirement Plan Trust Fund
June 30, 2010

Assets:		
Cash	$	138,413
Mutual funds		4,691,890
Accrued interest and dividend income		5,674
Total assets	$	4,835,977
Net Assets:		
Held in trust for pension benefits	$	4,835,977

See accompanying notes to basic financial statements.

CITY OF BELL
Statement of Changes in Fiduciary Net Assets
Supplemental Retirement Plan Trust Fund
For the Fiscal Year Ended June 30, 2010

Additions:		
Employer contributions	$	618,047
Interest and dividend income		166,311
Net appreciation in fair value of mutual funds		319,893
Other income		3,769
Total additions		1,108,020
Deductions:		
Benefit payments		68,544
Total deductions		68,544
Change in net assets		1,039,476
Net assets held in trust, beginning of year, as restated		3,796,501
Net assets held in trust, end of year	$	4,835,977

See accompanying notes to basic financial statements.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bell, California (City) have been prepared in conformity with generally accepted accounting principles in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

Reporting Entity

The City was incorporated on November 7, 1927 under the general laws of the State of California. As of January 25, 2006, the City operates as a Charter City authorized by the Secretary of State. The City operates under the Council-Administrator form of government. Among the services provided by the City are the following: public safety, public works, and community services.

As required by generally accepted accounting principles in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the organization is able to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are reported with the fund data of the City.

The following organizations are considered to be blended component units of the City:

Bell Community Redevelopment Agency

Bell Community Redevelopment Agency's (Agency) financial activity commenced in September 1972 pursuant to the State of California Health and Safety Code Section 33000 entitled "Community Redevelopment Law". The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council serves as the board, appoints the Agency director and has

full accountability for the Agency's fiscal matters. Revenues of the Agency consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area and interest income. Even though it is legally separate, it is reported as if it were part of the City because the City Council also serves as the governing board of the Agency. Upon completion, separate financial statements of the Agency can be obtained at City Hall. In 2011, legislation was passed in the State of California requiring the dissolution of all redevelopment agencies effective February 1, 2012. Refer to Note 19 – Subsequent Events for further information about the dissolution of the Agency.

Bell Surplus Property Authority

On July 7, 1975, the Bell Surplus Property Authority (Surplus Property Authority) was created by the City Council to enable the City to acquire, own, maintain, operate and dispose of surplus real properties of the United States, which are within or contiguous to the City. The Surplus Property Authority is administered by a Board, which consists of the members of the City Council.

Bell Public Financing Authority

The Bell Public Financing Authority (Public Financing Authority) was created by a joint exercise of joint powers agreement between the City and the Agency on February 1, 1991. The purpose of the Public Financing Authority is to provide, through the issuance of debt, financing necessary for various capital improvements. The Public Financing Authority is administered by a Board, which consists of the members of the City Council.

Bell Community Housing Authority

On February 21, 1995, the Bell Community Housing Authority (Housing Authority) was created by the City Council. The purpose of the Housing Authority is to provide safe and sanitary dwelling accommodations in the City to persons of low income. The Housing Authority is administered by a Board, which consists of the members of the City Council.

Solid Waste and Recycling Authority

On September 15, 2005, the Bell Solid Waste and Recycling Authority (Authority) was established by the City Council for the purpose of acquiring, constructing, maintaining, or operating the collection, treatment, or disposal of waste within the jurisdiction of the Authority. The Authority is administered by a Board, which consists of the members of the City Council.

Since the City Council serves as the governing board for these component units, or the component unit provides services entirely to the City, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the fund data of the primary government. Only the Agency issues separate component unit financial statements. Upon their completion, the financial statements can be obtained at City Hall.

Bell-Cudahy Cable Television Joint Powers Authority

On June 3, 1985, the City of Bell and the City of Cudahy entered into a joint exercise of powers agreement to award cable television franchises within their corporate limits. The Bell-Cudahy Cable Television Joint Powers Authority (Cable Television Authority) is governed by a Commission. The Commission consists of five members: two members of the City Council of Bell; two members of the City Council of Cudahy; and one member selected by the other four members. As such, the activities of Cable Television Authority are not reported in the City's basic financial statements.

Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

Government-wide financial statements
Fund financial statements
Notes to financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting and Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole. The City has no business-type activities or discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). Certain management salaries and benefits have been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Funds financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. In addition, a separate fiduciary pension trust fund is presented and, which is excluded from the government-wide financial statements.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to pay liabilities of the current period. The City uses a sixty day availability period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, grants, intergovernmental revenue and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, and then from unrestricted resources.

Description of Funds

The City reports the following major governmental funds:

General Fund – The General Fund is the operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and capital improvement costs, which are not paid through other funds.

Retirement Special Revenue Fund – This fund is used to account for secured and unsecured County taxes to be used for the retirement benefits of Safety and Miscellaneous employees.

Community Redevelopment Agency Debt Service Fund – This fund is used to account for the accumulation of resources for and payment of long-term debt principal, interest and related costs on long-term debt of the Agency.

City Capital Projects Fund – This fund is used to account for the development of public improvements for the City.

Fiduciary Fund Type

Supplemental Retirement Plan Trust Fund – This fund is used to account for financial resources deposited and held in a trustee capacity for the City's Supplemental Retirement and Replacement Plan (Supplemental Retirement Plan).

a. Financial Statement Elements

Cash and Investments

Cash includes demand deposits. The California Government Code and the City's investment policy permit the City to invest in various instruments and pools. Investments are reported in the accompanying statement of net assets and balance sheet at fair value, generally based on quoted market prices, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, any gains or losses realized upon the liquidation, maturity or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents and restricted cash. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments.* Investment income earned by the pooled investments is allocated to the various funds based on each fund's average monthly cash and investment balance.

Due from other Governments

The amounts recorded as a receivable due from other governments include sales taxes, state gas taxes, motor vehicle in-lieu taxes and other revenues, collected or provided by Federal, State, County and City governments and unremitted to the City at year-end.

Claims and Judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

Capital Assets

Capital assets (including infrastructure) greater than $5,000 are capitalized and recorded at cost or at the estimated fair value of the assets at the time of acquisition where complete historical records have not been maintained. Donated capital assets are valued at their estimated fair value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of these assets or materially extend assets lives are not capitalized.

Capital assets include public domain (infrastructure) capital assets consisting of certain improvements other than buildings, including roads and bridges, traffic signals, and sewerage and drainage systems.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements. The following is a summary of the estimated useful life of each asset type:

Infrastructure:	
Roads and bridges	25-50 years
Traffic signals	20 years
Sewer	50 years
Storm drain	30-75 years
Building and improvements	20-50 years
Furniture and equipment	5 years
Vehicles	5 years

Bond Discount, Premiums and Deferred Charges

Bond discounts and premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which materially approximates the effective interest method. Bond premiums are presented as addition to the face amount of bonds payable whereas issuance costs are recorded as an asset and reported as deferred charges.

Compensated Absences

Compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year they are paid. The balance of unpaid vacation and vested sick leave at year-end is recorded as a

long-term liability in the government-wide financial statements. These amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees. Compensated absences are liquidated principally by the General Fund.

Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1, each year. Taxes are levied during September of each year and are payable in two installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. The County of Los Angeles bills and collects the property taxes and remits them to the City in installments during the year. Property tax revenue is recognized in the funds in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the Los Angeles County Assessor and State Board of Equalization.

Prepaid Pension Asset

The City participates in the California Public Employees' Retirement System (CalPERS). The City transferred its participation from a CalPERS agent multiple-employer defined benefit plan to a cost-sharing multiple-employer defined benefit plan. The CalPERS Valuation Report dated June 30, 2003 established a side fund to account for the differences between the funded status of the cost-sharing multiple-employer and the funded status of the City's agent multiple-employer plan. The side fund will be credited with the actuarial investment return assumption of 7.75% and subject to amortization on an annual basis. As of the date of the inception, the side fund balance was $7,441,129, with a 14-year amortization period and a payment as percentage of payroll equal to 23.08%.

To reduce retirement costs and benefit from lower interest rates, on December 1, 2005, the Public Financing Authority issued $9,225,000 of 2005 Taxable Pension Revenue Bonds to fund a) the City's unfunded accrued actuarial liability (UAAL) for retirement benefits to its safety employees and b) advance refund the Public Financing Authority's outstanding 1998 Taxable Pension Revenue Bonds dated May 1, 1998. The proceeds from the bond issue, after refunding of the 1998 Pension Obligation Bonds, were remitted directly into CalPERS. The City will amortize the $7,320,000 net pension asset over the side fund's amortization period of twelve years. The prepaid pension asset as of June 30, 2010 is $5,647,864. The amortization of the prepaid pension asset during the fiscal year ended June 30, 2010 is $478,476.

Land Held for Development

The Agency acquired several parcels of land as part of its primary purpose to develop or redevelop blighted areas. The properties are held by the Agency at the lower of cost or estimated net realizable value determined at the date of an executed disposition and developer's agreement. Fund balances are reserved in amounts equal to the carrying value of land held for resale because such assets are not available to finance current operations.

Classification of Net Assets

On the statement of net assets, net assets are classified into three components, which are defined as follows:

Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings, including any related debt premiums, discounts, and deferred amounts on refunding, that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent debt proceeds at year-end, the unspent proceeds and the amount of related debt are included in the calculation of restricted net assets. Deferred debt issue costs and related debt are included in unrestricted net assets when issuance costs were paid from debt proceeds.

Restricted net **assets** - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At June 30, 2010, the restricted net assets are $12,190,193, of which, $2,729,724 is restricted by enabling legislation.

Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Balances

The City maintains a policy of reserving fund balances to segregate fund balances, which are not appropriable for expenditures in future periods. The governmental funds also set up designations of fund balances to indicate tentative plans for financial resource utilization in a future period.

Deficit Fund Equity

The Community Redevelopment Agency Debt Service Fund has a deficit fund balance of $4,822,672 at June 30, 2010. As discussed in Note 19 – Subsequent Events, the Agency was dissolved as of February 1, 2012 and all activities of the Agency were transferred to the City as Successor Agency or the Housing Authority as Housing Successor.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(2) RESTATEMENT OF FUND BALANCES AND NET ASSETS

The beginning fund balances at July 1, 2009 were restated to report corrections of errors for the following:

1. Write-offs of outstanding interfund loan balances for funds without the ability to repay the advances within a reasonable period of time.
2. Correction of deferred revenue associated with loans and deferred loans.
3. Write-off of unsupported deposits payable.

		Special Revenue	Debt Service	
	General	Retirement	Community Redevelopment Agency	Nonmajor Governmental Funds
Ending fund balances (deficits), June 30, 2009, as previously stated	$ 15,686,907	$ (3,049,483)	$ (3,650,536)	$ 8,851,769
Reclassification of interfund balances to transfers	(5,459,596)	5,041,098	266,097	4,405,768
Adjustment to deferred revenue	(300,386)	-	-	(17,000)
Write-off of deposits payable	-	-	-	73,902
Beginning fund balances (deficits), July 1, 2009, as restated	$ 9,926,925	$ 1,991,615	$ (3,384,439)	$ 13,314,439

The beginning net assets at July 1, 2009 were restated to report corrections of errors for the following:

1. Write-off of unsupported deposits payable.
2. Unearned revenue related to prepaid rent was recognized as revenue in prior year.
3. Write-off of receivables and revenue associated with shortfall in assessment of General Obligation Bond tax levy, which was never assessed or levied by the City.
4. Revenue associated with the employee loan program, which was not previously reported.
5. Adjustment to record the actuarial value of outstanding claims and record capital lease.
6. Addition to capital assets for land acquired in a prior year and capital assets, which should have been expensed and removed due to disposition.

	Governmental Activities
Ending net assets, June 30, 2009, as previously stated	$ 39,158,567
Write-off of deposits payable	73,902
Record unearned revenue that had been recognized as revenue in the prior year	(60,527)
Write-off of receivables and revenue associated with shortfall in GO Bond tax levy never assessed or levied by the City	(5,229,205)
Record revenue associated with the employee loan program, which was not previously reported	462,425
Record claims and capital lease liabilities	(655,180)
Addition and write-off of capital assets	432,533
Beginning net assets, July 1, 2009, as restated	$ 34,182,515

In prior years, the City's Supplemental Retirement Plan was not included in its reporting entity. The City re-evaluated the criteria for reporting the plan in the City's reporting entity as set forth in GASB Statement No. 14, *The Financial Reporting Entity,* and concluded that the Supplemental Retirement Plan should be reported as a pension trust fund (fiduciary fund type) in its basic financial statements. Beginning net assets have been restated to report the plan's net assets of $3,796,501 as of July 1, 2009.

(3) EXCESS OF EXPENDITURES OVER APPROPRIATION

Actual expenditures may not exceed budgeted appropriations at the department and non-departmental level. For the fiscal year ended June 30, 2010, the following expenditures exceeded appropriations in the General Fund.

	Final Budget	Actual	Variance
City council	$ 16,945	$ 87,599	$ (70,654)
City administrator	255,454	263,136	(7,682)
Finance	441,313	490,454	(49,141)
City attorney	231,271	488,086	(256,815)
Personnel services	98,412	101,376	(2,964)
General liability	1,787,350	2,621,620	(834,270)
Patrol	2,995,634	3,397,934	(402,300)
Detective	662,065	664,865	(2,800)
Communications	489,331	496,643	(7,312)
Record bureau	236,905	245,563	(8,658)
Police administration	851,988	852,383	(395)
Jail	237,820	253,199	(15,379)
Police training	18,092	64,939	(46,847)
Public works	166,967	562,042	(395,075)
Engineering	109,978	125,906	(15,928)
Non-departmental:			
Interest and fiscal charges	937,548	2,388,969	(1,451,421)
Special item - repayment of excess pension assessment	-	2,934,144	(2,934,144)
	$ 9,537,073	$ 16,038,858	$ (6,501,785)

(4) CASH AND INVESTMENTS

Cash and investments as of June 30, 2010, are classified in the accompanying financial statements as follows:

	Government-wide	Fiduciary Fund
Statement of net assets:		
Cash and investments	$ 13,783,328	$ 4,830,303
Restricted cash and investments	28,010,613	-
Total cash and investments	$ 41,793,941	$ 4,830,303

Cash and investments as of June 30, 2010, consist of the following:

Government-wide/Governmental Funds	
Cash on hand	$ 10,086
Deposits with financial institutions	37,831,973
Investments	3,951,882
Total cash and investments	$ 41,793,941
Fiduciary Fund	
Deposits with financial institutions	$ 138,413
Investments	4,691,890
	$ 4,830,303

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code and the City's investment policy, if more restrictive, that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code and the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Authorized by California Government Code	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issue
Local agency bonds	No	Yes	5 years	None	None
U.S. treasury obligations	Yes	Yes	5 years	None	None
U.S. agency securities	Yes	Yes	5 years	None	None
Banker's acceptances	Yes	Yes	180 days	40%	30%
Commercial paper	Yes	Yes	270 days	25%	10%
Negotiable certificates of deposit	Yes	Yes	5 years	30%	None
Repurchase agreements	No	Yes	1 year	None	None
Reverse repurchase agreements	No	Yes	92 days	20%	None
Medium-term notes	Yes	Yes	5 years	30%	None
Mutual funds/money market mutual funds	Yes	Yes	N/A	20%	10%
Mortgage pass-through securities	No	Yes	5 years	20%	None
County pooled investment funds	No	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	Yes	N/A	None	None

Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk. The permitted investments are as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer	Minimum Credit Rating
U.S. treasury obligations	None	None	None	None
U.S. agency securities	None	None	None	None
Interest-bearing demand or time deposits	None	None	None	None
Tax-exempt obligations	None	None	None	AAA
Money market mutual funds	None	None	None	AAA
Local Agency Investment Fund (LAIF)	None	None	None	None
Investment agreements	None	None	None	AAA*

*Represents credit rating of the counterparty.

Investments Authorized by Supplemental Retirement Plan Trust Agreement

Based on the Investment Management and Custody Agreement (Non-ERISA Accounts) between the City and Wells Fargo Bank, N.A. (Trustee), the investments shall include, but are not limited to:

a) Pending investment or distribution, short-term securities or deposits, which bear a reasonable rate of interest in a bank or similar financial institution, supervised by the United States or a state, notwithstanding that the bank or financial institution is the Trustee or an affiliate of the Trustee.
b) Shares of any registered investment company whether or not the Trustee or its affiliates is an advisor to, or other service provider to, such company and receives compensation from such company for the services provided.
c) Any commingled trust funds including any such fund or funds presently in existence or hereafter established, and which are maintained by a bank or trust company supervised by a state or federal agency, notwithstanding that the bank or trust company is the Trustee or an affiliate of the Trustee.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that the portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by the bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

		Remaining Maturing (in Months)	
Investment Type	Total	12 Months or Less	More than 5 years
Money market mutual fund	$ 438,575	$ 438,575	-
Mutual funds	6,734,002	2,042,112	4,691,890
State investment pool	1,471,195	1,471,195	-
Total	$ 8,643,772	$ 3,951,882	4,691,890

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type.

		Rating as of Year End	
Investment Type	Total	AAA	Not Rated
Money market mutual fund	$ 438,575	$ 438,575	$ -
Mutual funds	6,734,002	2,042,112	4,691,890
State investment pool	1,471,195	-	1,471,195
Total	$ 8,643,772	$2,480,687	$6,163,085

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools), which represent 5% or more of the total City investments as of June 30, 2010.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that the financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The collateral is held by the pledging financial institution's trust department and is considered held in the City's name. The investments held by the City were not subject to custodial credit risk at June 30, 2010.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

The total amount invested by all public agencies in LAIF as of June 30, 2010, was $23.3 billion. LAIF is part of the California Pooled Money Investment Account (PMIA), which at June 30, 2010, had a balance of $69.4 billion, of that amount, 5.42% was invested in structured notes and asset backed securities. The average maturity of PMIA investments was 203 days as of June 30, 2010.

(5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Current interfund receivables and payables at June 30, 2010 are as follows:

Due from other funds	Due to other funds	Amount
General Fund	Community Redevelopment Agency Debt Service Fund	$ 11,427
	City Capital Projects Fund	376,208
	Nonmajor Governmental Funds	187,107
		574,742
City Capital Projects Fund	Nonmajor Governmental Funds	23,403
Retirement Fund	Community Redevelopment Agency Debt Service Fund	32,745
Community Redevelopment Agency Debt Service Fund	Retirement Fund	6,617
	Nonmajor Governmental Funds	1,946
	General Fund	2,314
		10,877
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,670
	Community Redevelopment Agency Debt Service Fund	73,154
		74,824
Total interfund receivables and payables		$ 716,591

These interfund balances result from the time lag between the dates that 1) interfund good and services are provided or reimbursable expenditures occur, 2) short-term interfund loans, and 3) payments between funds are made.

Long-term interfund receivables and payables at June 30, 2010 are as follows:

Advances to (receivable)	Advances from (payable)	Amount	
General Fund	Nonmajor Governmental Funds	$ 123,660	a)
	Community Redevelopment Agency Debt Service Fund	4,252,286	b)
Community Redevelopment Agency Debt Service Fund	Nonmajor Governmental Funds	1,429,699	c)
Retirement Fund	Community Redevelopment Agency Debt Service Fund	1,450,000	d)
		$ 7,255,645	

a) During the fiscal years 2002-03 and 2003-04, the General Fund advanced $106,131 and $102,529, respectively for the purpose of supplementing a negative cash balance during the respective fiscal years until the rental units could support administrative costs allocated to that fund. The advances bear no interest and have no stipulated repayment date. The outstanding balance at June 30, 2010 is $123,660.

b) Since June 18, 1990, the General Fund has made several advances to the Agency. The advances bear no interest and have no stipulated repayment schedule or final due date. The outstanding balance at June 30, 2010 is $4,252,286. The Agency was dissolved as of February 1, 2012. These advances are currently pending decision from the Oversight Board of the Successor Agency as an enforceable obligation as stipulated by AB 1484. If these advances are deemed to be enforceable obligations of the Agency, these obligations can be repaid with the incremental property tax revenue. Please see Note 19 for further information.

c) The Community Redevelopment Agency Debt Service Fund received a loan in the amount of $1,429,699 from the Low Moderate Income Housing Special Revenue Fund for the payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) as discussed in Note 16.

d) City Resolution set the City's voter-approved retirement tax rate annually on all property within the City limits to meet the obligations of the City employees' retirement benefits. The Agency levies the retirement tax rate on all property located within the redevelopment project areas. Since the inception of the Agency, the levy proceeds had been retained by the Agency. In the 2005 fiscal year, Resolution 2005-14 approved that all levy proceeds retained by the Agency shall be shifted back to the Retirement Fund; such debt repayment is subordinated to the Agency's bonded indebtedness. The debt obligation was determined based on remittance advice records dated back to fiscal year 1993-1994. The debt obligation amounted to $4,674,773. The outstanding balance at June 30, 2010 is $1,450,000. The Agency was dissolved as of February 1,

2012. These advances are currently pending decision from the Oversight Board of the Successor Agency as an enforceable obligation as stipulated by AB 1484. If these advances are deemed to be enforceable obligations of the Agency, these obligations can be repaid with the incremental property tax revenue. Please see Note 19 for further information.

Interfund transfer summary for the fiscal year ended June 30, 2010 is as follows:

Transfer in (receiving fund)	Transfer out (paying fund)	Amount
General Fund	City Capital Projects Fund	$ 1,718,252
	Nonmajor Governmental Funds	500,000
		2,218,252
Nonmajor Governmental Funds	General Fund	565,781
	Community Redevelopment Agency Debt Service Fund	1,351,970
	Retirement Fund	874,977
	Nonmajor Governmental Funds	2,196,032
		4,988,760
Community Redevelopment Agency Debt Service Fund	Nonmajor Governmental Funds	803,370
		$ 8,010,382

Transfers provide funding for capital acquisitions, capital projects, debt service and post-employment benefits obligations.

(6) CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

Governmental activities	Balance at July 1, 2009, as Restated	Additions	Deletions	Balance at June 30, 2010
Capital assets, not being depreciated:				
Rights-of-way	$ 6,725,298	$ -	$ -	$ 6,725,298
Land	55,914,279	-	-	55,914,279
Construction in progress	6,504,411	3,000,926	(8,575,585)	929,752
Total capital assets not being depreciated	69,143,988	3,000,926	(8,575,585)	63,569,329
Capital assets being depreciated:				
Buildings and improvements	42,917,052	65,669	-	42,982,721
Equipment and vehicles	2,810,424	258,902	(118,143)	2,951,183
Infrastructure:				
Roads and bridges	38,474,968	5,541,781	-	44,016,749
Traffic signals	3,832,744	123,953	-	3,956,697
Sewers	1,213,256	-	-	1,213,256
Storm drains	820,670	-	-	820,670
Total capital assets being depreciated	90,069,114	5,990,305	(118,143)	95,941,276
Less accumulated depreciation:				
Buildings and improvements	(6,167,096)	(1,279,674)	-	(7,446,770)
Equipment and vehicles	(2,127,514)	(271,964)	102,939	(2,296,539)
Infrastructure				
Roads and bridges	(20,638,325)	(1,161,949)	-	(21,800,274)
Traffic signals	(1,528,917)	(186,727)	-	(1,715,644)
Sewers	(619,790)	(12,364)	-	(632,154)
Storm drains	(756,596)	(18,946)	-	(775,542)
Total accumulated depreciation	(31,838,238)	(2,931,624)	102,939	(34,666,923)
Total capital assets being depreciated, net	58,230,876	3,058,681	(15,204)	61,274,353
Total capital assets, net	$ 127,374,864	$ 6,059,607	$ (8,590,789)	$ 124,843,682

Capital assets as of July 1, 2009 were restated by ($432,533) to report corrections of errors as follows:

- $2,397,570 reclassification of construction in progress to land that was incorrectly classified as construction in progress in prior years.
- $900,871 that was recorded in construction in progress that should have been expensed in prior years.
- $159,286 of equipment and vehicles and $37,030 of associated accumulated depreciation that were disposed of in prior years.
- $1,455,660 of land acquired in a prior year, which was not previously capitalized.

Due to changes in the City's top management and the City Council, some projects were abandoned during the year ended June 30, 2010. Approximately $4.5 million was deleted from the construction in progress to record project abandonment and charged as expense under community services.

Depreciation expense was charged in the following functions in the statement of activities for the fiscal year ended June 30, 2010:

General government	$	534,236
Public safety		135,795
Community service		881,607
Public works		1,379,986
	$	2,931,624

(7) LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2010:

	July 1, 2009 As Restated	Additions	Deletions	Balance at June 30, 2010	Due Within One Year
Governmental activities:					
General Obligation Bonds (GOB):					
Series 2004	$ 15,000,000	$ -	$ -	$ 15,000,000	$ 355,000
Series 2007	35,000,000	-	-	35,000,000	-
Unamortized premium on GOB	448,359		16,013	432,346	-
Total GOB	50,448,359	-	16,013	50,432,346	355,000
Revenue bonds:					
Lease Revenue Refunding Bonds, Series 2005	19,695,000	-	360,000	19,335,000	375,000
Taxable Pension Revenue Bonds, Series 2005	7,955,000	-	465,000	7,490,000	510,000
Taxable Lease Revenue Bonds, Series 2007	35,000,000	-	-	35,000,000	35,000,000
Unamortized premium on revenue bonds	336,574	-	12,064	324,510	-
Total revenue bonds	62,986,574	-	837,064	62,149,510	35,885,000
Tax allocation bonds:					
Refunding Bonds, Series 2003	24,240,000	-	800,000	23,440,000	840,000
Certificates of participation:					
1998 Certificates of Participation	2,195,000	-	105,000	2,090,000	110,000
Promissory note:					
2009 Promissory Note	4,584,183	-	196,092	4,388,091	4,388,091
Other liabilities:					
Capital lease	64,481	-	31,368	33,113	33,113
Liability claims	1,833,957	2,729,785	185,214	4,378,528	884,996
Compensated absences	2,532,887	1,020,763	1,262,667	2,290,983	788,717
Other post-employment benefits obligation	2,034,282	2,468,583	426,857	4,076,008	433,038
Total other liabilities	6,465,607	6,219,131	1,906,106	10,778,632	2,139,864
Total governmental long-term liabilities	$ 150,919,723	$ 6,219,131	$ 3,860,275	$ 153,278,579	$ 43,717,955

As described in Note 2, long-term liabilities as of July 1, 2009 were restated and increased by $655,180 to adjust for the understatement of liability claims and capital lease of $590,699 and $64,481, respectively.

General Obligation Bonds, Series 2004

On October 4, 2004, the City issued Series 2004 General Obligation Bonds in the aggregate principal amount of $15,000,000 with a final maturity date on August 1, 2034. These bonds were authorized at an election of the registered voters of the City. The bonds were issued to pay for the costs of construction of certain municipal improvements such as the Bell Sports Complex, the Bell Community Center and other parks, recreational and cultural facilities throughout the community and the construction of a new library, performing arts theater and public safety and civic facilities.

Bonds maturing on or before August 1, 2014 are not subject to optional redemption. Bonds maturing on or after August 1, 2015, are subject to redemption prior to their respective stated maturity dates, at the option of the City. The Terms Bonds maturing on August 1, 2034, are subject to mandatory sinking account redemption in part on August 1 in each year on and after August 1, 2029, from any source of available funds at a redemption price equal to 100% of the par value thereof. The outstanding bonds bear interest at 4.00% to 5.00% due February 1 and August 1 of each year with annual principal payments ranging from $355,000 to $975,000. The amount of bonds outstanding at June 30, 2010 totaled $15,000,000.

Payment of the principal of, and interest on, the bonds are insured by a municipal bond insurance policy issued by National Public Finance Guarantee Corporation, which is a successor to MBIA Insurance Corporation, which expires August 1, 2034.

Minimum annual requirements to amortize the 2004 General Obligation Bonds outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	General Obligation Bonds Series 2004	
	Principal	Interest
2011	$ 355,000	$ 663,619
2012	365,000	649,219
2013	380,000	634,319
2014	395,000	618,819
2015	415,000	602,619
2016-2020	2,325,000	2,746,294
2021-2025	2,830,000	2,223,934
2026-2030	3,505,000	1,532,575
2031-2035	4,430,000	575,750
Total	$ 15,000,000	$ 10,247,148

General Obligation Bonds, Series 2007

On August 22, 2007, the City issued Series 2007 General Obligation Bonds in the aggregate principal amount of $35,000,000 with a final maturity date on August 1, 2037. These bonds were issued to finance the acquisition and construction and/or improvements of certain public facilities within the City.

Bonds maturing on or before August 1, 2017 are not subject to optional redemption. Bonds maturing on or after August 1, 2018, are subject to redemption prior to their respective stated maturity dates, at the option of the City. The Terms Bonds maturing on August 1, 2029, are subject to mandatory sinking account redemption in part on August 1 in each year on and after August 1, 2028, from any source of available funds at a redemption price equal to 100% of the par value thereof. The outstanding bonds bear interest at 4.00% to 5.00% due February 1 and August 1 of each year with principal payments ranging from $725,000 to $2,255,000. The amount of bonds outstanding at June 30, 2010 totaled $35,000,000.

Payment of the principal of, and interest on, the bonds are insured by a financial guarantee policy issued by CIFG Assurance North America, Inc. (CIFG). In January 2009, CIFG and Assured Guaranty Corp. (AGC) entered into a reinsurance transaction whereby AGC provides reinsurance to CIFG with respect to certain U.S. public finance and infrastructure bond insurance policies. Accordingly, the City's financial guarantee policy was reassigned from CIFG to AGC as of April 14, 2011.

Minimum annual requirements to amortize the 2007 General Obligation Bonds outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	General Obligation Bonds Series 2007	
	Principal	Interest
2011	$ -	$ 1,718,250
2012	-	1,718,250
2013	725,000	1,703,750
2014	775,000	1,673,750
2015	820,000	1,641,850
2016-2020	4,630,000	7,604,975
2021-2025	5,675,000	6,327,375
2026-2030	7,050,000	4,743,750
2031-2035	8,870,000	2,765,000
2036-2038	6,455,000	494,375
Total	$ 35,000,000	$ 30,391,325

In accordance with the Series 2004 and 2007 General Obligation Bonds' Official Statements, the bonds are general obligation bonds of the City payable from ad valorem taxes. The City has the power and is obligated to annually to levy or cause to be levied ad valorem taxes upon all property within the City subject to taxation by the City, without limit as to rate or amount, for the

payment of the Bonds and the interest thereon. Accordingly, the Series 2004 and 2007 General Obligation Bonds are secured and to be serviced from property taxes levied and collected by the City. Property tax revenues have been pledged until August 1, 2034, the final maturity of the 2004 bonds, and August 1, 2037, the final maturity of the 2007 bonds. The total remaining debt service for the bonds is $90.6 million. Pledged property tax revenue recognized during the fiscal year ended June 30, 2010 was $997,367 against the total debt service payments of $2.7 million. The City was not in compliance with bond requirements because it did not assess property taxes sufficient to pay the principal and interest on the bonds for the current year. The shortfall in the pledged property tax revenue was paid with monies from the City's General Fund and the unspent bond proceeds.

Subsequently, on July 17, 2012, pursuant to a tender offer conducted by the City with respect to the 2007 Bonds, bondholders tendered for purchase $10,435,000 in principal amount of the Series 2007 General Obligation Bonds. In addition, the City essentially economically defeased an additional $5,945,000 of the 2007 Bonds, leaving $18,620,000 of the 2007 Bonds outstanding. To accomplish an economic defeasance, the City irrevocably deposited funds to be invested in federal securities pursuant to the Escrow Agreement, dated July 1, 2012, between the City and U.S. Bank National Association, to redeem the $5,945,000 aggregate principal amount of Bonds on the first optional redemption date of August 1, 2017. No opinion was given as to whether the bonds were legally defeased.

2005 Lease Revenue Refunding Bonds

On October 19, 2005, the Housing Authority issued $20,790,000 of 2005 Series Lease Revenue Refunding Bonds. The 2005 Series Lease Revenue Refunding Bonds were issued to refinance $8,120,000 of outstanding 1995A Revenue Bonds, $3,280,000 of 1995B Subordinate Revenue Bonds and $5,000,000 of 2003 Housing Notes and to provide $6,011,908 for the construction, acquisition and rehabilitation of rental properties. The original issue was also used for the construction, acquisition and rehabilitation of rental properties. The 2005 Series Lease Revenue Refunding Bonds consist of $13,525,000 of term bonds and $7,265,000 of serial bonds. The serial bonds accrue interest at rates between 2.90% and 4.35% and are payable semiannually on April 1 and October 1 of each year commencing April 1, 2006. Principal on the serial bonds is payable on October 1, 2006 through October 1, 2021 in amounts ranging from $335,000 to $605,000. The $13,525,000 term bonds accrue interest at 5.00% and mature between October 1, 2025 and October 1, 2036. The outstanding balance as of June 30, 2010 was $19,335,000.

The 2005 Series Lease Revenue Refunding Bonds are subject to redemption prior to maturity as described in the bond covenants. The indenture provides that in lieu of a cash deposit, the Housing Authority may satisfy the reserve requirements by means of a qualified reserve fund credit instrument, which consists of a quality surety bond, insurance policy or similar financial undertaking. The Housing Authority deposited a Financial Guaranty Insurance Policy issued by Ambac Assurance Corporation (Ambac Assurance) in the reserve fund for the 2005 Series Lease Revenue Refunding Bonds. On November 9, 2010, Ambac Financial Group Inc. (Ambac Financial) filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court. Ambac Assurance is a subsidiary of Ambac Financial. See Note 17 regarding Ambac Financial's filing for bankruptcy protection. According to the 2005 Series Lease Revenue Refunding Bonds indenture, in the event that such surety bonds for any reason terminate or expire, and the remaining amount on deposit in the Reserve Account is less than the

Reserve Account Requirement (as defined in the indenture), the Housing Authority is to address such shortfall by delivering to the trustee a surety bond or a letter of credit meeting the criteria of the Reserve Account Requirement under the indenture, or depositing cash to the Reserve Account.

Minimum annual requirements to amortize the 2005 Series Lease Revenue Refunding Bonds outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	Lease Revenue Refunding Bonds Series 2005	
	Principal	Interest
2011	$ 375,000	$ 918,820
2012	395,000	901,495
2013	410,000	883,383
2014	430,000	864,483
2015	455,000	844,570
2016-2020	2,560,000	3,911,288
2021-2025	3,160,000	3,288,321
2026-2030	4,000,000	2,407,000
2031-2035	5,125,000	1,271,625
2036-2037	2,425,000	122,625
Total	$ 19,335,000	$ 15,413,610

The 2005 Lease Revenue Refunding Bonds are secured and to be serviced from lease payments paid by the City to the Housing Authority. The lease payments have been pledged until October 1, 2036, the final maturity date of the bonds. The total remaining debt service for the bonds is $34.7 million. Pledged lease payments recognized during the fiscal year ended June 30, 2010 were $1.3 million as against the total debt service payments of $1.3 million.

2005 Taxable Pension Revenue Bonds

On December 1, 2005, the Public Financing Authority issued $9,225,000 of the 2005 Taxable Pension Revenue Bonds. The 2005 Taxable Pension Revenue Bonds were issued to fund the City's then current unfunded accrued actuarial liability for retirement benefits of the City's safety employees in the amount of $7,320,000 and to retire the Public Financing Authority's outstanding 1998 Taxable Pension Revenue Bonds of $1,460,000.

The 2005 Taxable Pension Revenue Bonds consist of $3,655,000 of term bonds and $5,570,000 of serial bonds. The serial bonds accrue interest at a rate between 4.77% and 5.26% and are payable semiannually on February 1 and August 1 of each year, commencing on August 1, 2006. Principal on the serial bonds is payable on August 1, 2006 through August 1, 2015 in amounts ranging from $385,000 to $780,000. The $3,655,000 term bonds accrue interest at 5.48% and mature on August 1, 2019.

The 2005 Taxable Pension Revenue Bonds are payable from the loan payment to be made by the City to the Public Financing Authority sufficient to pay the principal and interest on the bonds.

Payment of the principal of, and interest on, the bonds are insured by a financial guarantee policy

issued by Ambac Assurance Corporation (Ambac Assurance.) On November 9, 2010, Ambac Financial Group Inc. (Ambac Financial) filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court. Ambac Assurance is a subsidiary of Ambac Financial. See Note 17 regarding Ambac Financial's filing for bankruptcy protection.

The annual requirements to amortize the 2005 Taxable Pension Revenue Bonds debt outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Taxable Pension Revenue Bonds Series 2005	
	Principal	Interest
2011	$ 510,000	$ 385,379
2012	555,000	358,379
2013	610,000	328,727
2014	660,000	296,111
2015	720,000	260,186
2016-2020	4,435,000	627,561
Total	$ 7,490,000	$ 2,256,343

The 2005 Taxable Pension Revenue Bonds are secured and to be serviced from the retirement tax levied and collected by the City. Retirement tax revenues are pledged until August 1, 2019, the final maturity of the bonds. The total remaining debt service for the bonds is $9.7 million. Pledged retirement tax revenue recognized during the fiscal year ended June 30, 2010 was $4.2 million as against the total debt service payments of $874,976.

In 2005, the City defeased the 1998 Taxable Pension Revenue Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's basic financial statements. On June 30, 2010, $1,130,000 of such bonds outstanding are considered defeased.

2007 Taxable Lease Revenue Bonds

On October 26, 2007, the Public Financing Authority issued $35,000,000 of Taxable Lease Revenue Bonds. The proceeds were used to pay off the 2006 Bond Anticipation Notes and to acquire certain land and land improvements.

On October 21, 2009, the bond maturity date was extended to November 1, 2010. Interest on the outstanding bonds accrue interest at an amended rate of 1.77% and interest payments are due on May 1 and November 1 of each year until the bonds mature on November 1, 2010. On November 2, 2009 Dexia Credit Local, the purchaser of the 2007 Taxable Lease Revenue Bonds (Dexia), agreed that the City could utilize $311,760 held in the reserve account for a portion of the interest payment due on November 1, 2009.

On November 1, 2010, the City was in default on the bonds and continues to be in default as of Oct 17, 2012. The Public Financing Authority could not repay the principal and interest on the

2007 Taxable Lease Revenue Bonds. The entire principal balance of $35,000,000 is shown as due and payable. The accrued interest as of October 17, 2012 is approximately $1.25 million. Dexia, the holder of the 2007 Taxable Lease Revenue Bonds, sued the City and the Public Financing Authority for judicial foreclosure and for a deficiency judgment. The City has engaged in discussion with Dexia to settle the case. Mediations were conducted on March 13, 2012 and on May 8, 2012. A third mediation session is scheduled for October 30, 2012. The trial date in this matter is currently March 18, 2013. The City's risk of exposure will be the difference between the market value of the land and land improvements and the City's outstanding debt obligation, which currently estimated between $18 and $23 million. The City has asserted as defenses to the lawsuit that the California Constitutional Debt Limit and Dexia Credit Local's failure to file a timely government claim prevents a deficiency judgment from the City's General Fund. The City has sued Best Best & Krieger LLP and Nixon Peabody LLP for their alleged malpractice related to the transaction.

2003 Tax Allocation Refunding Bonds

On October 1, 2003, the Agency issued $27,925,000 of 2003 Tax Allocation Refunding Bonds (2003 Bonds). The proceeds were used to refund the Agency's previously issued Tax Allocation Refunding Bonds Series 1994, Subordinated Tax Allocation Refunding Bonds Series 1994, and to finance a portion of the costs of the redevelopment projects, which were not considered capital assets of the Agency. The original issue was also used for redevelopment projects that are not considered capital assets of the Agency.

The 2003 Bonds consist of $13,420,000 of serial bonds and $14,505,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 4.70% and is payable semiannually on April 1 and October 1 of each year commencing October 1, 2004. Principal on the serial bonds is payable on April 1, 2004 through October 1, 2031 in amounts ranging from $710,000 to $965,000. The first portion of the term bonds with principal of $6,870,000 accrues interest at a rate of 5.50% and matures on October 1, 2023. The second portion of term bonds with principal of $7,635,000 accrues interest at a rate of 5.625% and matures on October 1, 2033. The outstanding balance at June 30, 2010 was $23,440,000.

The term bonds maturing on October 1, 2023 are subject to mandatory redemption, by lot, on each October 1, commencing October 1, 2019, at a redemption price equal to the principal and accrued interest, without premium, from sinking account payments made by the Agency, in amounts ranging from $1,230,000 to $1,525,000. The term bonds maturing on October 1, 2033, are subject to mandatory redemption, by lot, on each October 1, commencing October 1, 2033, at a redemption price equal to the principal and accrued interest, without premium, from sinking account payments made by the Agency in amounts ranging from $590,000 to $965,000.

Per the bond covenants, the Agency is required to maintain on deposit a reserve fund in an amount equal to $2,040,119. At June 30, 2010, the amount held in the reserve account was $2,040,119.

Minimum annual requirements to amortize the 2003 Tax Allocation Refunding Bonds outstanding as of June 30, 2010 are as follows:

Year Ending June 30,	Tax Allocation Refunding Bonds Series 2003	
	Principal	Interest
2011	$ 840,000	$ 1,185,369
2012	865,000	1,153,369
2013	900,000	1,115,819
2014	940,000	1,075,006
2015	985,000	1,032,281
2016-2020	5,635,000	4,423,381
2021-2025	6,230,000	2,771,775
2026-2030	3,480,000	1,513,969
2031-2034	3,565,000	414,703
Total	$ 23,440,000	$ 14,685,672

The 2003 Tax Allocation Refunding Bonds are secured and to be serviced from the tax increment levied and collected by the Agency. Tax increment revenues are pledged until October 1, 2033, the final maturity date of the bonds. The total remaining debt service amount for the bonds is $38.0 million. Pledged tax increment revenue recognized during the fiscal year ended June 30, 2010 was $2.2 million as against the total debt service payments of $2.0 million.

1998 Certificates of Participation

On February 1, 1998, the Public Financing Authority issued $3,020,000 of 1998 Certificates of Participation. The proceeds were used to provide funds for the acquisition, construction, installation and rehabilitation of certain public improvements for the City, including streets, park improvements and structures.

The 1998 Certificates of Participation consist of $1,400,000 of serial certificates and $1,620,000 of term certificates. The serial certificates accrue interest at rates between 4.00% and 4.75% and is payable semiannually on March 1 and September 1, commencing September 1, 1998. The principal amount of the serial bonds matures in amounts ranging from $70,000 to $125,000, with a final maturity date of September 1, 2013. The term bonds accrue interest at 5.00% and is payable semiannually on March 1 and September 1, commencing September 1, 1998. The term certificates are subject to mandatory prepayment on September 1 of each year commencing September 1, 2014, in amounts ranging from $130,000 to $200,000, in accordance with the terms identified in the certificates indenture.

Payment of principal and interest with respect to the certificates are insured by a municipal bond insurance policy issued by National Public Finance Guarantee Corporation, which is a successor to MBIA Insurance Corporation. The outstanding certificate balance at June 30, 2010 was $2,090,000.

The annual requirements to amortize 1998 Certificates of Participation debt outstanding at June 30, 2010 are as follows:

Year Ending June 30,	Certificates of Participation Series 1998	
	Principal	Interest
2011	$ 110,000	$ 100,398
2012	115,000	95,223
2013	120,000	89,758
2014	125,000	83,969
2015	130,000	77,750
2016-2020	745,000	283,125
2021-2024	745,000	76,625
Total	$ 2,090,000	$ 806,846

The 1998 Certificates of Participation are secured and to be serviced from utility users taxes levied and collected by the City and approved by the voters. Utility users tax revenues are pledged until September 1, 2023, the final maturity date of the certificates. The total remaining debt service for the debt is $2.9 million. Pledged utility users tax revenue recognized during the fiscal year ended June 30, 2010 was $3.1 million as against the total debt service payments of $210,290.

2009 Promissory Note

On May 21, 2009, the Agency entered into a promissory agreement for $4,600,000. The agreement was entered into for the purchase of a commercial property within the City. The Agency will make monthly payments at a stipulated interest rate of 6% for a term of 15 years with the note paid in full in 2024. The outstanding balance at June 30, 2010 totaled $4,388,091.

In October 2010, the Agency was in default on the 2009 Promissory Note and continues to be in default as of October 17, 2012. As a result, the entire $4.4 million balance of the note is currently due. The Agency did not make any principal and interest payments since October 2010 because the validity of this transaction was questionable. The accrued interest as October 17, 2012 is approximately $515,000. The holder of the 2009 Promissory Note commenced a foreclosure proceeding against the Agency. The City and the Agency have filed a lawsuit for declaratory relief, a gift of public funds, and injunctive relief to preclude and/or postpone the foreclosure and sale of the subject property, commonly known as the Western Auto Center. The City and the Agency were successful in obtaining a temporary restraining order and preliminary injunction to prevent the sale or transfer of the property from occurring pending the outcome of this lawsuit. This case is currently pending with a trial date of August 19, 2013. All obligations of the Agency are now subject to state laws and regulations affecting the dissolution of redevelopment agencies in California, which became effective on February 1, 2012. Please see Note 19 for further information on the dissolution of the Agency. Under the new laws and regulations, obligations of the Agency existing at January 31, 2012 are subject to whether they meet the definition of an

enforceable obligation and must be approved by the Oversight Board of the Successor Agency as stipulated by AB 1484. If this promissory note is deemed to be an enforceable obligation of the Agency, this obligation can be repaid by the incremental property tax revenue allocated to the Successor Agency. This obligation is pending final approval by the California Department of Finance.

Noncompliance with Debt Covenants and SEC Continuing Disclosure Requirements

The City and Agency were not in compliance with reporting provisions of the indentures for all bonds and certificates of participation for the year ended June 30, 2010 because the City's audited financial statements were not issued within 90 to 240 days of the year- end. Accordingly, the City and the Agency have not complied with continuing disclosure requirements under SEC 15c2-12.

Capital Lease

The City entered into a capital lease on July 9, 2008 with Ford Motor Credit Company for three vehicles for the police department for the amount $95,479. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date in the City's capital assets. The future minimum lease obligations and the present value of these payments as of June 30, 2010, are as follows:

Year Ending June 30,	Amount
2011	$ 34,248
Total minimum lease payments	34,248
Less amount representing interest	(1,136)
Present value of minimum lease payments	$ 33,113

At June 30, 2010, the value of the assets acquired by the capital lease is $95,479, net of accumulated depreciation of $36,600.

Risk Management

The City has a program for insurance for workers' compensation, general liability, auto liability, and certain other risks. The City entered into an Excess Workers' Compensation Program with CSAC Excess Insurance Authority with Excess and Reinsurance layers provided by ACE American Insurance Company and National Union Fire Insurance Co. of Pittsburg, PA (AIG). The City is self-insured up to $750,000 Self-Insurance Retention (SIR) per occurrence. Coverage in excess of SIR was provided by various companies. The pooled Retention is up to $5,000,000 (difference between $5,000,000 and the City's SIR). Layer 1 - $45,000,000 in excess, $5,000,000 each occurrence is reinsured by ACE American Insurance Company. Layer 2 – up to the statutory limit in excess of $50,000,000 each occurrence provided by National Union Fire Insurance Co. of Pittsburg, PA (AIG).

The City entered into an Excess Liability Coverage with Insurance Co. of the State of Pennsylvania (AIG) and Arch Specialty Insurance Co. for public entity excess liability. The City is self-insured up to $250,000 Self-Insurance Retention (SIR) each occurrence. Any losses in excess of the SIR up to $10,000,000 were provided by Insurance Co. of the State of Pennsylvania (AIG) per each occurrence. Layer 1 - $20,000,000 in excess of $10,000,000 was provided by Arch Specialty Insurance Co. per each occurrence.

At June 30, 2010, no fund balance has been designated for self-insurance for workers' compensation and general liability claims. While the ultimate amount of losses incurred through June 30 is dependent on future developments, the estimated liability claims is based upon information from the actuarial valuation report for workers' compensation, the City Attorney, outside counsel, the service agent and others involved with the administration of the programs. There are no claims that exceed insurance coverage over the last three years. Costs relating to the litigation of claims are charged to expenditures as incurred. Liability claims are liquidated by the general fund.

Changes in the liability claims payable amounts in fiscal years 2010 and 2009 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2008-2009	$ 1,038,951	$ 932,614	$ (137,608)	$ 1,833,957
2009-2010	1,833,957	2,729,785	(185,214)	4,378,528

Liability claims at July 1, 2009 were restated by $590,699 to increase the reported liability to $1,833,957, as disclosed in Notes 2 and 7. Liability claims at June 30, 2010 is based on management's assessment of the claims based on consultation with legal counsel, the service agent and others involved with the administration of the self-insurance programs.

Compensated Absences

Employees, who have passed the initial probationary period (eligible employees), will accrue from 3.0000 to 3.6960 hours bi-weekly for sick leave, except for Chief Administrative Officer (CAO) and the Assistant Chief Administrative Officer (ACAO), who will accrue 11.0880 hours bi-weekly. Eligible employees will also accrue from 3.6960 to 10.1520 hours bi-weekly for vacation leave; depending on years of service and position during employment with the City or on approved employee leave, except for the CAO and the ACAO, who will accrue 32.9280 hours bi-weekly. Vacation leave caps at 280 for employees who were hired after July 1, 2000 or 360 hours for employees who were hired after July 1, 1998. Unused accumulated vacation leave will be paid to each employee upon the date of separation from the City.

Any unused sick leave at the end of each fiscal year is carried over to the next fiscal year with no cap limit. Employees hired prior to June 30, 1998, upon separation from service, will be paid an amount equivalent to the remaining unused hours of sick leave at the time of separation or, at retirement from the City, all unused sick leave may be credited toward PERS service credit. Employees hired after July 1, 1998, upon separation from service, will be compensated for any unused sick leave up to 100 hours or, at retirement from the City; an unlimited amount of unused sick leave may be credited toward PERS service credit. Any vacation hours up to the cap limit will be paid out at retirement. Compensated absences are liquidated by the general fund.

The outstanding balance at June 30, 2010 was $2,290,983, which includes vested sick and vacation time.

(8) EXCESS EMPLOYEE COMPENSATION

In July 2010, the news media reported that City officials were receiving unusually large salaries, perhaps the highest in the nation. As discussed in Note 15 the California State Controller's Office (SCO) conducted an audit of the City's administrative and internal accounting system for the period July 1, 2008 to June 30, 2010. The SCO report dated September 22, 2010, identified that the City Council approved raises for the former CAO without any accountability for performance. As stated in the SCO report, "The former CAO continued this process by allowing enormous salaries for other top administrative staff. The result was a significant increase in payroll for top city administrators. In FY 2009-10, the City expended $2,391,544 in salaries and $3,385,783 in compensation for six top City administrators, City Council members, and the mayor." This matter is currently pending further investigation by the Los Angeles County District Attorney. Please see Note 15 for further information.

(9) LOAN PROGRAM

The SCO audit described in Note 8 also identified that the City made unsecured interest bearing loans to members of the City Council, City officials, City employees, and local business at the discretion of the former CAO. Loans bear interest at LAIF interest rates and have various repayment terms. The outstanding loans receivable balances at June 30, 2010 and June 30, 2009 were $832,443 and $762,811, respectively, and are included in the loans receivable balance. Of the total, $300,386 was related to a loan to a local business and $462,425 was related to loans to members of the City Council, City officials, and City employees. The loans receivable to the City Council, City officials, and City employees were not reported in the prior year. The loans receivable, deferred revenue, and net assets balances at July 1, 2009 for the governmental funds and the government-wide financial statements have been restated accordingly (See Note 2).

(10) INTERFUND ALLOCATIONS OF PAYROLL AND BENEFITS

Standard accounting practices and 2 CFR Part 225 *Cost Principles for State, Local, and Indian Tribal Governments* (OMB Circular A-87) Appendix A - C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." Further, accounting principles generally accepted in the United States of America require estimates to be reasonable and supported. In the current and prior years, direct payroll and benefit expenditures were allocated to various funds based on budget estimates rather than actual time spent on the program or function. Payroll and benefit expenditures for the fiscal year ended June 30, 2010 were reported in the governmental funds statement of revenues, expenditures and changes in fund balances as follows:

Fund/Functional Expenditures	General Fund	Nonmajor Governmental Funds
General government	$ 3,390,687	$ 1,176,476
Public safety	4,705,956	353,390
Public works	113,534	903,100
Community services	393,648	462,944
Total	$ 8,603,825	$ 2,895,910

Amounts reported in the functional expenses on the government-wide statement of activities also reflect budget basis allocations of payroll and benefit expenditures adjusted for year-end accruals of such costs. Accordingly, reported functional expenses for the fiscal year ended June 30, 2010 do not reflect the actual costs of each function.

City management has not performed an analysis of allocations made in prior years to determine whether restricted resources were used to pay budgeted allocations. Accordingly, beginning fund balances have not been adjusted.

(11) DEFINED BENEFIT PENSION PLAN

Plan Description:

The City contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee defined benefit pension plan for three groups of employees: miscellaneous employees, safety first tier employees, and safety police second tier employees. CalPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans that are administered by CalPERS. Copies of CalPERS' annual financial report may be obtained from their executive office at: 400 P Street, Sacramento, CA 95814.

Funding Policy:

Participants are required to contribute 8% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. For the year ended June 30, 2010, the amount contributed by the City on behalf of the employees was $412,898 for miscellaneous employees and $328,429 for safety employees. The City is required to make annual contributions based on the results of an actuarial valuation of the cost-sharing plan. The City's annual required contribution rates were 17.332% for miscellaneous employees, 20.601% for safety first tier employees, and 17.633% for safety police second tier employees as a percentage of covered payroll for the fiscal year ended June 30, 2010. Benefit provisions and all other requirements are established by the state legislature.

Annual Pension Cost:

For fiscal year 2009-2010, the City's annual pension cost of $838,429 for miscellaneous employees, $537,619 for safety first tier employees, and $166,219 for safety police second tier employees was equal to the City's required and actual contributions.

The following is a schedule of employer contributions, which provides the annual pension cost (APC), percentage of APC contributed and the net pension obligation for the last three fiscal years:

THREE-YEAR TREND INFORMATION FOR CalPERS
Schedule of Employer Contributions

Miscellaneous Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	$ 859,528	100%	$ -
6/30/2009	847,749	100%	-
6/30/2010	838,429	100%	-

Safety Police First Tier Plan

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	$ 666,886	100%	$ -
6/30/2009	676,897	100%	-
6/30/2010	537,619	100%	-

Safety Police Second Tier Plan

Fiscal Year	Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	$ 59,688	100%	$ -
6/30/2009	75,098	100%	-
6/30/2010	166,219	100%	-

The City purchased five (5) years of Additional Retirement Service Credits (ARSC) on behalf of the CAO, the ACAO, five (5) council members and four (4) department heads between 2005 and 2009 using City funds with an approximate cost of $1,000,000. In a letter dated June 19, 2012, CalPERS notified the City that the purchase of ARSC for one of the department heads was not lawful under the Public Employees Retirement Law. In addition, some former employees and council members are appealing CalPERS' determination on their final compensation for purposes of calculating retirement benefits to the full CalPERS Board. These matters are currently pending CalPERS' final determination and may impact the City's annual required pension contribution amounts in the future; however, the future financial impact is not currently determinable.

(12) OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description:

The City administers a single-employer defined benefit plan, which provides health care benefits and other benefits such as vision and dental coverage to City retirees and their eligible dependents in accordance with City contracts and agreements.

Eligibility:

Eligibility is determined by CalPERS vesting rules, date of hire, and years of service at retirement date. Both Miscellaneous and Safety members who retire from the City and have attained at least the age of 50 and completed 5 years of CalPERS service or become disabled and have completed 5 years of CalPERS service are eligible for health care benefits after retirement. Miscellaneous members who retire after January 1, 1997 with 30 years of service, who retire after July 1, 2006 with 20 years of service, and elected officials whose term started before January 1, 1995 and ended after July 1, 1997 and have completed at least 12 years of credited service are also eligible for health care benefits. The City pays the cost of health benefits and other benefits for eligible retirees and eligible dependents as established by the City's contract, agreements, and/or resolution.

Funding Policy:

The contributions requirements of the City are established and may be amended by City Council. The contribution required to be made under City Council and labor agreement requirements is based on a pay-as-you-go basis (i.e., as medical insurance premiums become due). For the year ended June 30, 2010, the City contributed $426,857 to the plan. The City has not established a trust that is administered by the City for the purpose of holding assets accumulated for plan benefits.

Annual OPEB Cost and Net OPEB Obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The City's OPEB unfunded actuarial accrued liability as of July 1, 2008, the most recent actuarial valuation, was $21,594,322. The Annual Required Contribution (ARC) for the fiscal year ended June 30, 2010, was $2,465,701 based on the actuarial valuation performed as of July 1, 2008. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2010
Annual required contribution (ARC)	$ 2,465,701
Interest cost	81,372
ARC adjustment	(78,490)
Annual OPEB expense	2,468,583
Contributions made	(426,857)
Increase in net OPEB obligation	2,041,726
Net OPEB Obligation, Beginning of Year	2,034,282
Net OPEB Obligation, End of Year	$ 4,076,008

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and two preceding years were as follows:

Fiscal Year	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/08	N/A	N/A	N/A
6/30/09	$ 2,465,701	17.5%	$ 2,034,282
6/30/10	2,468,583	17.3%	4,076,008

Funding Status and Progress:

Valuation Date	Actuarial Asset Value	Projected Unit Credit Actuarial Acrrued Liability	Underfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Underfunded Actuarial Liability As a Percentage of Covered Payroll
7/1/2008	$ -	$ 21,594,322	$ 21,594,322	0%	$9,665,623	223.4%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Actuarial Methods and Assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial assumptions are as follows for the valuation performed as of July 1, 2008:

Actuarial cost method	Projected unit credit cost method
Average remaining period	30 years as of the valuation date
Investment rate of return	4.0%
Annual healthcare cost trend rate	3.0% - 8.0%
Payroll growth	3.25%

(13) SUPPLEMENTAL RETIREMENT PLAN

In December 2003, the City approved the Supplemental Retirement Plan designed to provide miscellaneous employees a supplement to their current CalPERS retirement plan. The Supplemental Retirement Plan is a single-employer defined benefit plan. The Supplemental Retirement Plan will provide for 1% of pay times the 12-month final average pay at retirement multiplied by the number of years of CalPERS service credits and $2,000 per month for City Council members. Wells Fargo Bank N.A. has been appointed the Investment Manager for the Supplemental Retirement Plan. The City Council has the authority to establish and amend the plan. On December 20, 2004, the City Council adopted Resolution No. 2004-48 to (i) close the Plan to new entrants; and (ii) modify the excess benefit multiplier provided thereunder for certain employee classifications effective July 1, 2005. This amendment will provide for additional 5% of pay times the 12-month final average pay in excess of $150,000 at retirement multiplied by the number of years of CalPERS service credits for members who have CalPERS service prior to January 1, 1981.

The City Council is the Board of Trustees of the Supplemental Retirement Plan and their responsibilities represent sufficient administrative involvement to constitute a "holding of assets" by the City in a pension trust fund. Accordingly, the Plan's statement of fiduciary net assets and statement of changes in fiduciary net assets have been included in the accompanying basic financial statements under the Supplemental Retirement Plan Trust Fund.

At July 1, 2009, membership of the plan consisted of the following:

Eligible Active Employees	31
Deferred Vested	3
Retired	5
Total	39

An actuarial valuation of the City Supplemental Retirement Plan was performed as of July 1, 2009 to determine the funding level requirement of the Supplemental Retirement Plan.

On the basis of the valuation, the annual funding requirement for the 2010 plan year for the Supplemental Retirement Plan, is as follows:

	Dollar Amount	Percent of Payroll
Annual Required Contribution	$ 618,047	22.82%

A summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	July 1, 2009
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar
Asset Valuation Method	Market value
Actuarial Assumptions:	
Investment Rate of Return	7.50% for funding purpose
Retirement	Age 58
Salary Scale	Simplified CalPERS assumptions Non-key members - 13.5% for 2 years, 6.5% for years 3 - 6 then 5.5% Key members - 10% per year
Cost of Living Adjustment	2% for general government employees 3% for City Council members

Initial unfunded liabilities are amortized over a 10 year amortization period beginning July 1, 2003. The unfunded liability is currently being amortized over a 9 year amortization period.

The Schedule of Funding Progress below shows the most recent actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded accrued liability to payroll. The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Schedule of Funding Process

Valuation Date	Actuarial Entry Age Accrued Liability	Actuarial Value of Assets	Underfunded Actuarial Accrued Liability (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a % of Annual Covered Payroll
7/1/2009	$ 5,834,161	$ 3,796,502	$ 2,037,659	65.1%	$ 2,708,587	75.2%

The following is a Schedule of Employer Contributions, which provides the annual required contribution, actual contribution, percentage of ARC contributed and the net pension obligation/(asset) for the last three fiscal years.

Schedule of Employer Contributions

Date	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net Pension Obligation/(Asset)
6/30/08	$ 742,840	$ 816,149	109.9%	$ (124,594)
6/30/09	566,130	904,029	159.7%	(453,686)
6/30/10	618,047	618,047	100.0%	(471,413)

Determination of Net Pension Asset as of June 30, 2010

Annual Required Contribution (ARC)	$ 618,047
Interest cost	(35,010)
ARC Adjustment	17,283
Annual Pension Cost	600,320
Contributions Made	(618,047)
Increase in Net Pension Asset	(17,727)
Net Pension Asset, beginning of year	(453,686)
Net Pension Asset, end of year	$ (471,413)

On April 20, 2011, the City Council adopted Resolution No. 2011-01 to terminate certain post-employment benefits as of August 1, 2010 in the interest of fiscal sustainability. Accordingly, the Supplemental Retirement Plan was terminated as of August 1, 2010. No additional contributions have been made to the Supplemental Retirement Plan subsequent to fiscal year 2010. Pension payments for participants who had retired and qualified under the Supplemental Retirement Plan before April 20, 2011 have continued. Due to termination of pension payments, four (4) participants who had retired and qualified under the Supplemental Retirement Plan after April 20, 2011 have filed a lawsuit seeking those benefits in November 2011.This lawsuit is currently pending. Please see Note 15 for further information. The City also authorized filing a lawsuit seeking a declaratory relief finding that the Supplemental Retirement Plan was not adopted in compliance with California law. The lawsuit has not yet been filed.

(14) RELATED PARTY TRANSACTIONS

Urban & Associates, Inc., TD Urban Planners, and D & J Engineering provided consulting, construction and building inspection services to the City and are considered related parties, as the owner of these companies was also a contract employee of the City. In addition, the contract employee was also a business partner with the City Administrator in another business unrelated to the City's activities. The amount of payments to the above named companies during the year amounted to $334,388 for consulting, construction and building inspection services.

Pacific Alliance Group was the City's third-party administrator for medical reimbursements. Pacific Alliance Group is owned by the family of the ACAO is considered a related party. The City paid $4,778, which included $3,278 in medical reimbursements, to Pacific Alliance Group during the year ended June 30, 2010.

The City made loans to members of the City Council, City officials, and City employees at the discretion of the former CAO. The outstanding loans receivable balance at June 30, 2010 was $530,521.

(15) COMMITMENT AND CONTINGENCIES

In July 2010, news media reported that City officials were receiving unusually large salaries, perhaps the highest in the nation. The salaries came into the public eye after a newspaper's investigation, based on California Public Records Act requests, had shown the City payroll was swollen with six- to seven-figure salaries. Mentioned in the initial story were the CAO, the ACAO, and the Police Chief. All but one of the members of the City Council were receiving $100,000 for their part-time work, salaries which they later claimed were authorized by a sparsely attended special election, given the City's "Charter" status.

On July 23, 2010, the CAO, ACAO and Police Chief resigned their positions with the City, while the Mayor and the City Council continued to govern the City.

On July 28, 2010, the newly appointed interim CAO of the City made a request of the State Controller's Office (SCO) to perform an audit of the City to address numerous disclosures made in the news media suggesting possible misuse of public funds by senior management staff. In response, the SCO agreed to perform an audit of the City's system of internal controls, property and business license tax revenues, and state and federal funding.

On September 15, 2010, the California Attorney General's office filed a civil action lawsuit against eight former and current City employees, requesting the return of what the suit calls "excessive salaries" as well a reduction in pension benefits accrued as a result of those higher salaries. Allegations about irregularities in the 2009 election also were examined by the Federal Bureau of Investigation (FBI) and the office of the California Secretary of State. The Attorney General's lawsuit was dismissed after the Court sustained demurrers and is currently under appeal by the Attorney General.

On September 21, 2010, the Los Angeles County District Attorney filed charges of misappropriation of public funds against the former CAO, the former ACAO, the Mayor, three other City Council members, and two other employees of the City. The Mayor and City Council members have all resigned or been recalled.

On September 22, 2010, the SCO issued report on City's administrative and internal accounting controls system. The SCO found "the City of Bell's administrative and internal accounting control system to be, in effect, non-existent as all financial activities and transactions evolved around one individual—the former Chief Administrative Officer (CAO)— who apparently had complete control and discretion over how city funds were to be used." The SCO also found the City Council approved increased assessments/taxes without voter approval. In November 2010, the City refunded $2.9 million excess property taxes collected and such amount has been reported as a special item in the accompanying financial statements for the fiscal year ended June 30, 2010. In addition to the SCO's investigations, other agencies also performed audits of various funds or activities of the City.

A special election was held in March 2011. The election resulted in appointment of five new City Council members.

As result of preceding events mentioned above, numerous claims and lawsuits have been filed against the City. To the extent that information available indicates that it is probable a liability

has been incurred as of June 30, 2010 and where the amount of loss can be reasonably estimated, the obligation has been accrued as an expense of the City (see Note 7 for further discussion of the City's risk management program). Below is summary of the significant contingencies:

A. **California State Controller's Office Audit of the City's Administrative and Internal Accounting Control System**

The SCO audit of the City's administrative and internal accounting system for the period July 1, 2008 to June 30, 2010 dated September 22, 2010, identified that the City Council exceeded its authority in increasing assessments and taxes without voter approval for the following:

- *Assessment of the Sanitation and Sewerage System District*
  The City Council improperly increased the assessment of the Sanitation and Sewerage System District without voter approval. The SCO Legal Counsel concluded that the increase in assessment of the Sanitation and Sewerage System District, referred to in the original authorizing resolution as a "standby" charge, is in violation of the California Constitution, Article XIII D, section 6, subsection (b)(4). That provision stipulates that sewer "standby" charges, be classified as assessments and shall not be imposed without complying with the California Constitution, Article XIII D, section 4, which requires a vote of the property owners who would be affected by the assessment. The SCO estimated that the amount of overcharge is $621,737 for FY 2007-08 through FY 2009-10. The City disagreed with this finding and asserted that the amount imposed is a "new" sewer fee that did not require voter approval. This finding is pending resolution as of the date of issuance of this financial statement. No adjustments have been recorded in the financial statements for this matter.
- *Pension Assessment*
  The City adopted Resolution No. 2007-42 to increase the tax levy related to the payment of the City's pension obligation from 0.187554% in FY 2006-07 to 0.237554% in FY 2007-08, 0.257554% in FY 2008-09, and 0.277554% in FY 2009-10—an increase of approximately 48% over a three-year period. The SCO estimated that the increased rates resulted in $2,934,144 in additional taxes over a three-year period. The SCO found the increased tax levy to be unallowable under Revenue and Taxation Code section 96.31(b). Under this section, the City had no authority to levy a property tax rate greater than the rate imposed in FY 1982-83 or FY 1983-84. The City concurred with this finding and refunded $2,934,144 to the taxpayers in November 2010. $2,934,144 has been reported as a special item – repayment of excess pension assessment in these financial statements.
- *Business License Taxes*
  The City increased business license taxes by more than 50% for more than 1,000 business owners in the City since 2000 without voter and the City Council's approvals. The increase is in violation of Proposition 218 Article XIIIC, which specifies, "No local government may impose, extend, or increase any general tax unless and until that tax is submitted to the electorate and approved by a majority vote." The SCO estimated that the amount of overcharge is $2,105,441 for calendar years 2000 to 2010. This finding is pending resolution as of the date of issuance of this financial statement. No adjustments have been recorded in the financial statements for this matter.

- *City Funds Used to Pay CAO's Personal Loan*
  City funds were used for payment of the CAO's personal loan in the amount of $93,000. No further action has been taken by the City pending the outcome of the District Attorney's criminal lawsuit against the CAO.

B. California State Controller's Office Review of the Bell Community Redevelopment Agency

The SCO review of the Agency for the period July 1, 2000 through June 30, 2010 dated October 20, 2010 identified that the Agency failed to comply with Health and Safety Code requirements in several areas and inappropriately charged Agency funds as follows:

- There was no annual determination by the Agency's Board to fund administrative costs for the Low and Moderate Housing Fund as required by the Health and Safety Code section 33334.3(d). The total administrative cost charged is $244,850, which included $90,956 to fund a portion of the compensation of the City's CAO and Director of Administrative Services (DAS). There was no evidence that the CAO and DAS engaged in activities specifically related to the Low and Moderate Income Housing Fund.

- Salaries of the City's CAO, Assistant CAO and DAS were charged to the Community Redevelopment Agency Capital Project Funds and were not supported. There was no evidence that the officials engaged in activities that benefitted this fund. The total ineligible labor costs is $242,268.

- Various expenditures in the amount of $177,716 were inappropriately charged to Low and Moderate Housing Fund because they did not serve to increase or preserve the supply of low and moderate income housing in the City.

- Other compliance matters were noted by the SCO, but they did not have an impact on the reported amounts in the financial statements.

These findings are pending resolution as of the date of issuance of this financial statement. No adjustments have been recorded in the financial statements for these matters.

C. California State Controller's Office Audit of State and Federal Expenditures

The SCO audit of federal and state funding expended by the City for the period July 1, 2008 through August 31, 2010 dated November 18, 2010 identified that the City's CAO and management ignored and circumvented internal controls and that the City Council failed to exercise proper oversight governing the City's procurement activities Out of $1,944,085 payments reviewed, $710,459 were deemed questionable because they were made without a valid contract or outside the scope of the contract. In addition, none of the goods or services were procured through competitive bids. Out of $710,459, $479,998 has been resolved with the granting agencies. The balance is pending resolution as of the date of issuance of this financial statement.

D. Federal and State Grants

The City participates in various federal and state programs in the normal course of operations. The programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with specific conditions of the grant. Any liability for reimbursement that may arise as a result of these audits cannot be reasonably determined at this time.

E. Dexia Credit Local vs. City of Bell

Dexia sued the City and Public Financing Authority on October 14, 2011 for judicial foreclosure and for a deficiency judgment. For additional information, please refer to Note 7 under 2007 Taxable Lease Revenue Bonds.

F. Former Employees and City Council Members vs. City of Bell

Lawsuits were filed against the City by some former employees and some of the City Council members for the following:

1. Unpaid wages and benefits due to wrongful termination.
2. Recovery of legal fees and costs incurred in defending against the California Attorney General's civil action.

The above complaints are pending the outcome of the criminal cases handled by the Los Angeles County District Attorney against the above mentioned parties. In response to the above complaints, the City has filed cross-complaints against some former employees. The City's risk exposures are likely around $11 million.

G. Internal Revenue Service Audit

The Internal Revenue Service is currently examining the 2007 General Obligation Bonds. Such investigation centers on the fact that the 2007 General Obligation Bonds were issued as tax-exempt obligations under the Internal Revenue Code. The City and its agents are cooperating with the Internal Revenue Service in connection with such examination. The City cannot predict the outcome of the examination. If the Internal Revenue Service issues an adverse determination with respect to the 2007 General Obligation Bonds, interest on the bonds could be deemed to be includable in the gross income of the Owners of the bonds. Such treatment could apply retroactively to the date of issuance of the bonds.

H. Securities and Exchange Commission Investigation

The United States Securities and Exchange Commission has commenced a private investigation on bonds and/or other obligations issued by the City and its component units based on information "that tends to show that from at least December 1, 2004 . . . in possible violation of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, the City of Bell, its officers,

officials, employees, and/or other persons or entities, directly or indirectly, in the offering or sale or in connection with the purchase or sale of certain securities, may have been employing devices, schemes, or artifices to defraud, obtaining money or property by means of untrue statements of material fact or omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were or are made, not misleading, or engaging in transactions, acts, practices or courses of business which operated, operate, or would operate as a fraud or deceit upon any person. As part of or in connection with these activities, such persons or entities, directly or indirectly, may have been making false statements of material fact or failing to disclose materials facts concerning, among other things, (1) the use of bond proceeds, (2) the revenue and/or taxes pledged to repay bonds, and (3) the financial health of the City of Bell . . ." The City cannot predict the outcome of this or other investigations.

I. California State Controller's Office Audit of Gas Tax

The SCO audited the City's Gas Tax Fund—highway users tax, Proposition 1B, and Traffic Congestion Relief Fund (TCRF) allocations—for the period of July 1, 2007, through June 30, 2010. The result of the audit disclosed that the City accounted for and expended its Gas Tax Fund in compliance with requirements, except the City understated the fund balance in the Gas Tax Fund by $521,086 because of unsupported costs. During the fiscal year ended June 30, 2010, the City made adjustments and reallocated unsupported costs charged to the City's Gas Tax Fund to the General Fund.

J. Franchise Fees Associated with Bell Cudahy Cable TV Authority

As discussed in Note 1 under Bell-Cudahy Cable Television Joint Powers Authority, the City of Bell and the City of Cudahy entered into a joint exercise of powers agreement to award cable television franchises within their corporate limits. During the fiscal year ended June 30, 2010, the City received cable television franchise fees from the awarded cable television franchisee, which should be allocated to both the City of Bell and the City of Cudahy based on number of subscribers in each city. Based on fiscal year 2010 amounts reported by the cable television company, the City of Cudahy is entitled to approximately 44% of the franchise fees remitted, approximately $31,000. The City has not determined whether amounts were received in prior years and appropriately allocated to the participants. Accordingly, the amount, if any, due to or from the City of Cudahy is not determinable and no amount has been recorded in the accompanying financial statements.

(16) SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND (SERAF)

On July 24, 2009, the State Legislature passed Assembly Bill (AB) 26 4x, which requires redevelopment agencies statewide to deposit a total of $2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of $2.05 billion was made over two years, $1.7 billion in fiscal year 2009-2010 and $350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education, which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was $1,429,699 for fiscal year 2009-2010, which was paid on May 28, 2010, and $294,068 for fiscal year 2010-2011 was paid on May 10, 2011.

(17) IMPACT OF THE AMBAC FINANCIAL GROUP INC. BANKRUPTCY FILING

On November 9, 2010, Ambac Financial Group Inc. (Ambac Financial) filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. Ambac Financial is a holding company whose affiliates provide financial guarantees and financial services to its customers.

Ambac Assurance Corporation (Ambac Assurance), a subsidiary of Ambac Financial, has issued a reserve fund surety bond for the 2005 Lease Revenue Refunding Bonds. Ambac Assurance also issued a financial guaranty policy for payment of the principal of, and interest on, the 2005 Taxable Pension Revenue Bonds. As of October 17, 2012, the reserve fund surety bond and the financial guaranty policy are still in effect.

It is uncertain at this time whether the Ambac Financial bankruptcy will cause the financial guaranty insurance policy or the reserve fund surety bond to lapse or expire. If such an event does occur, the City and the Housing Authority will be required to take action documented in Note 7 in order to maintain compliance with the bond indenture.

(18) ADDITIONAL POST-EMPLOYMENT BENEFITS

Deferred Compensation

Pursuant to California Government Code Section 53213, the City established deferred compensation plans (457 Plan and 401a Plan) for the CAO, the ACAO, and the City Council members who were employed by July 1, 2009 (Eligible Council members). During the fiscal year ended June 30, 2010, the City contributed $49,000 each to the CAO's and the ACAO's 401a accounts. The City also contributed $16,500 to eligible Council members' 457 Plan for a total of $82,500 during the fiscal year ended June 30, 2010.

Health Insurance Reimbursement Plan

As stipulated by Resolution No. 2008-05, the City shall provide medical, dental, vision and life insurance for certain terminated employees and their dependents at no cost. The following employees shall be eligible for medical, dental, vision and life insurance:

a. Full-time employees (non-safety) who have terminated in good standing from the City after January 1, 1997, with not less than thirty (30) years of CalPERS service credit with the City or full-time employees (non-safety) who are employed on June 30, 2006 and who have twenty (20) years of CalPERS service credit as of June 30, 2006 and whose termination date is after July 1, 2006.
b. Elected officials whose first term of office was prior to January 1, 1995, and who have terminated from the City after January 1, 1997, with not less than twelve (12) years of service credit with the City. In addition to said insurance, recipient shall be fully reimbursed for medical, dental, and vision co-payments and deductible.

The City made medical premium reimbursements in the amount of $19,140 for three (3) terminated employees and one (1) former elected official during the fiscal year ended June 30, 2010.

On April 20, 2011, the City Council adopted Resolution No. 2011-01 to terminate certain post-employment benefits as of August 1, 2010 in the interest of fiscal sustainability. Accordingly, both deferred compensation and health insurance reimbursement plans were terminated as of August 1, 2010.

(19) SUBSEQUENT EVENTS

a. Legislation Dissolving California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills 1X 26 and 27 as part of the State's budget package. Assembly Bill 1X 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill 1X 27 provides a means for redevelopment agencies to continue to exist and operate by means of a voluntary alternative redevelopment program.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills 1X 26 and 27 on the grounds that these bills violate the California Constitution.

On December 29, 2011, the California Supreme Court ruled that Assembly Bill 1X 26, the dissolution measure, is largely upheld and is a proper exercise of the legislative power vested in the Legislature by the State Constitution. A different conclusion was rendered with respect to Assembly Bill 1X 27, which was invalidated in its entirety by the California Supreme Court Accordingly, the Agency is required to dissolve on February 1, 2012 and the guidelines for dissolution are set forth in Assembly Bill 1X 26. The fiscal year 2010 financial statements do not include any adjustments as a result of the dissolution of the Agency.

During the City Council's January 25, 2012 meeting, the City approved two resolutions designating the City as a Successor Agency to the Agency, and the Housing Authority as the Housing Successor for housing-related items. As of February 1, 2012, the Agency was dissolved pursuant to Health and Safety Code Section 34172(a) and AB 1X 26. As of this date, the City began implementing its duties as Successor Agency under the direction of an Oversight Board, the California State Controller's Office, and the California Department of Finance.

Assembly Bill 1X 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill 1X 26 and AB1484.The State Controller's Office has not yet conducted this review.

The interagency receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible resulting in a loss recognized by such funds. The City might additionally be impacted if reimbursements previously paid by the Agency to the City for shared administrative services are reduced or eliminated. As of June 30, 2010, the net amounts of interfund loans are $5,702,286 advances from the City to the Agency and $9,207 due from the City to the Agency.

The following is a summary of the significant provisions of Assembly Bill 1X 26:

Assembly Bill 1X 26

Suspends Redevelopment Activity - As of June 29, 2011, the Agency cannot incur new obligations and debt. More specifically, the Agency cannot enter into or amend contracts, renew or extend leases or other agreements, and dispose of or transfer real property or other assets. Agencies are required to continue to make scheduled payments on bonds and other legally binding agreements, and to manage existing contracts, projects, and other agreements.

Dissolves Redevelopment Agencies - Assembly Bill 1X 26 dissolves all redevelopment agencies and community development agencies. All assets and responsibilities for closing out the activities of the former agency are transferred to a "Successor Agency."

Creates Successor Agencies - The Successor Agency is presumed to be the sponsoring community of the redevelopment agency (i.e. the City). The responsibility of a Successor Agency includes making payments and performing obligations of the former redevelopment agency in accordance with a schedule of enforceable obligations. Enforceable obligations include; bonds, loans, legally required payments, including payments for pension obligations, judgments or settlements, and other legally binding and enforceable agreements. A Successor Agency is required to dispose of the former agency's assets in an expeditious fashion, to transfer the housing functions to its sponsoring community if the sponsoring community chooses to take on those functions, to wind down the affairs of the former agency (including the payment of debt and completion of obligated projects), to prepare administrative budgets, and to provide support to the "Oversight Board."

Transfer of Housing Functions--The sponsoring community may choose to assume the housing functions and the housing assets of the dissolved agency. Should the sponsoring community choose not to assume these responsibilities, all assets and functions would be transferred to the local housing authority. The Housing Authority has elected to continue to administer the housing functions and assets of the former agency.

Creation of Oversight Boards --The Oversight Board, which is comprised of seven member representatives from local government bodies, is tasked with reviewing and approving the actions of the Successor Agency. Two of the seven members would be City representatives appointed by the Mayor--one of which must be an employee from the recognized employee organization representing the largest number of employees working for the redevelopment agency as of the date of dissolution. The remaining members are appointed by the County (2), the County Superintendent of Education (1), the Chancellor of California Community Colleges (1), and the largest special district taxing entity in the territorial jurisdiction of the former redevelopment agency, which is eligible to receive property tax revenues pursuant to Section 34188. The Successor Agency's Oversight Board has been established.

b. AB 1585 – Additional Legislation Related to AB 1 X 26

AB 1585 – Assembly Bill 1585 was introduced on February 2, 2012 and was signed by the Governor on September 29, 2012. The bill makes various technical fixes to AB 1 X 26 clarifying the functions of successor agencies and oversight boards. AB 1585 expands the definition of an enforceable obligation to and also includes the following: (1) other loan agreements between the RDA and the City/County if the oversight board finds that the loan was for a legitimate redevelopment purpose, had economic substance, and was based on reasonable repayment terms; and (2) payments for costs incurred to fulfill collective bargaining agreements for layoffs or terminations of city employees who performed work directly on behalf of the former RDA.

AB 1585 also further expands the definition of the administrative cost allowance to specify that: (1) employee costs associated with work on specific project implementation activities shall be considered projects-specific costs (not administrative), and (2) the oversight board may approve temporary increases to the administrative cost allowance to carry out the requirements of an enforceable obligation, cover litigation costs, and/or to maintain and preserve the value of assets while in the possession of the successor agency.

AB 1585 would authorize successor agencies, with oversight board approval, to enter into agreements to fund required payments under enforceable obligations that exceed the amount of property tax revenue available to the RDA during the payment period. AB 1585 would also require the auditor-controller to reserve additional funds in the Redevelopment Property Tax Trust Fund at the time of the annual January 16th allocation, if necessary, to cover payments made in the second half of the calendar year that are in excess of amounts anticipated to be deposited from the allocation in May or June.

c. AB 1484 Due Diligence Review (DDR) and Payment Obligations

The Successor Agency must hire a licensed accountant to perform a "Due Diligence Review" (DDR) of all Agency (housing and non-housing) transfers that took place between January 1, 2011 and June 30, 2012. The purpose of the review is to determine the unobligated fund balances that will be available for distribution to the taxing entities. The DDR will establish the value of all assets transferred by the Agency to the Successor Agency and by either the Agency or the Successor Agency to the City. The deadline to send excess funds identified as a result of the DDR is five business days following the California Department of Finance's (DOF) final determination. If the Successor Agency does not make the required payments and is unable to recover funds that were transferred to other public agencies that were made without an enforceable obligation, any public agency to which funds were transferred without an enforceable obligation may be subject to an offset of its sales and use or property tax. Completion of this DDR process is a prerequisite for a Successor Agency to obtain a Finding of Completion (FOC). The Successor Agency has hired a licensed accountant and is in the process of performing the DDR.

AB 1484 Finding of Completion (FOC) (Safe Harbor)

After the Successor Agency fulfills its DDR requirements by paying the housing fund balance, the non-housing fund balance, the balance of any outstanding pass-through obligations and residual payments, DOF will issue a FOC, which entitles the Successor Agency to certain benefits, such as:

1. City/Agency Loans: Upon issuance of a FOC, loans made by the City to the Agency may be repaid if the Oversight Board finds that the loan was for a legitimate redevelopment purpose. Repayment is subject to certain restrictions, including a reduction of the interest rate to the Local Agency Investment Fund (LAIF) rate, restrictions on the timing and amount of annual repayments, and a requirement that 20% of the repayment be deposited into a restricted housing set-aside fund. Staff has recalculated existing loans at the historical LAIF rates and the difference is negligible. As of June 30, 2010, the net amounts of interfund loans are $5,702,286 advances from the City to the Agency and $9,207 due from the City to the Agency.

2. Use of Bond Proceeds: Upon issuance of a FOC, bond proceeds issued prior to December 31, 2010 may be used for purposes consistent with the bond covenants. Obligations to be paid with bond proceeds are subject to review by the Oversight Board and the DOF.

3. Property Management Plan: Upon receiving a FOC, the Successor Agency shall prepare a Long-Range Property Management Plan that addresses the disposition and use of real

property assets. The plan must be submitted to the Oversight Board and DOF within six months after issuance of the FOC. The plan must address the use or disposition of all properties, which may include: (i) retention of property for governmental use, (ii) retention of property for future development, (iii) sale of the property, or (iv) use of property to fulfill an enforceable obligation.

AB 1484 Additional Provisions

1. Annual Audit and Agreed-Upon Procedures Report: An agreed upon procedures report of the Successor Agency, commissioned by the County Auditor -Controller, is to be completed by October 5, 2012. This agreed-upon procedures requirement was included in AB x 1 26; AB 1484 extended the timeframe for completion from July 1, 2012 to October 5, 2012. A report from LA County was issued on August 15, 2012. This agreed-upon procedures report is in addition to the housing fund and non-housing Due Diligence Reviews mentioned above. In addition, an audit of the Successor Agency's financial transactions and records is to be conducted at least annually by a certified public accountant. The State Controller's Office do not require the preparation of annual compliance audits.
2. Public Purpose Properties: The Oversight Board may authorize the transfer of public purpose properties to the Successor Agency or other public entity for which a public facility was constructed. In addition, DOF may extend its review period for public purpose transfers to 60 days.
3. Land Disposition: AB 1484 suspends the forced disposition provisions of Section 34177(e), which provides for disposition to be undertaken "expeditiously and in a manner aimed at maximizing value". Instead, the legislation provides that within six months of issuance of a FOC, a Successor Agency must develop a Long-Range Property Management Plan and present to Oversight Board and DOF for approval.
4. Amended and Restated Agreements: AB 1484 restricts the ability of a Successor Agency to re-enter into agreements with its Sponsoring Jurisdiction (the City) if DOF has previously rejected the items to be funded by such agreements, unless such obligations are permitted as a result of a meet and confer process with DOF. The legislation specifically prohibits reauthorization of Sponsoring Jurisdiction loan agreements (City/Agency Loans) except as permitted pursuant to the FOC process.

d. <u>AB 340 – Pension Reform Bill</u>

AB 340 was signed into law on September 12, 2012 and enacts the California Public Employees' Pension Reform Act of 2013 (PEPRA), and also incorporates amendments to the County Employees' Retirement Law (CERL). It excludes from PEPRA the University of California, and charter cities and counties that do not participate in a retirement system governed by state statute. The new law affects the City as a participant in CalPERS.

This bill includes provisions for new employees who become members on or after January 1, 2013. Some of these provisions include caps on compensation, which may be used for pensions, equal sharing of pension costs, new pension formulas for general and safety members, specified exclusions from pensionable compensation, three-year final compensation, prohibition on benefit replacement plans.

For all employees, it includes: prohibition of retroactive pension increases, elimination of ARC purchases, 180-day break in service for retired annuitants (with some exceptions), forfeiture of pension and related benefits for certain felony convictions, pilot safety member disability retirement provisions which sunset in 2018, unless extended, and new CERL definition of "compensation earnable".

This bill will impact the City's annual required pension contribution amounts in the future.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BELL
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes:				
Property taxes	$ 525,828	$ 573,395	$ 1,962,403	$ 1,389,008
Sales and use taxes	2,730,356	1,854,321	1,928,371	74,050
Franchise taxes	477,211	508,586	489,929	(18,657)
Utility taxes	3,406,313	3,301,589	3,123,729	(177,860)
Real property transfer taxes	57,433	20,103	29,087	8,984
Total taxes	7,197,141	6,257,994	7,533,519	1,275,525
Licenses and permits:				
Business licenses	831,816	911,445	827,306	(84,139)
Building permits	100,507	153,937	156,735	2,798
Truck licenses	31,907	27,766	32,083	4,317
Other licenses and permits	115,791	108,085	83,139	(24,946)
Total licenses and permits	1,080,021	1,201,233	1,099,263	(101,970)
Fines and forfeitures	1,564,258	1,216,120	991,950	(224,170)
Charges for services:				
Zoning fees	10,721	9,058	9,460	402
Police services	1,203,648	875,079	738,457	(136,622)
Plan fees	143,135	209,575	204,557	(5,018)
Community center rental	36,465	51,145	40,197	(10,948)
Class fees	72,930	77,742	54,330	(23,412)
Clerical fees	4,658	7,846	7,619	(227)
Other revenues	742,425	214,856	168,247	(46,609)
Total charges for services	2,213,982	1,445,301	1,222,867	(222,434)
Intergovernmental:				
Motor vehicle in lieu fees	2,571,707	3,108,712	3,075,859	(32,853)
Homeowner's property tax relief	6,700	4,485	4,537	52
P.O.S.T.	22,284	6,166	5,079	(1,087)
Total intergovernmental	2,600,691	3,119,363	3,085,475	(33,888)
Investment income	144,220	138,201	3,865	(134,336)
Lease income	-	-	125,552	125,552
Other revenues	742,425	214,856	419,907	205,051
Total revenues	$ 15,542,738	$ 13,593,068	$ 14,482,398	$ 889,330

Continued

See accompaning note to the required supplementary information.

CITY OF BELL
General Fund
Budgetary Comparison Schedule (Continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
General government:				
City council	$ 137,781	$ 16,945	$ 87,599	$ (70,654)
City administrator	5,390	255,454	263,136	(7,682)
Administration support	167,146	294,290	262,966	31,324
Parking enforcement	301,661	489,740	365,322	124,418
City clerk	4,692	1,291	1,105	186
Finance	459,365	441,313	490,454	(49,141)
City treasurer	512	222	-	222
City attorney	125,000	231,271	488,086	(256,815)
Personnel services	125,882	98,412	101,376	(2,964)
General services	1,768,581	1,451,122	1,436,424	14,698
Planning	202,092	248,850	227,877	20,973
Building regulations	151,255	228,511	168,870	59,641
General liability	540,460	1,787,350	2,621,620	(834,270)
Total general government	3,989,817	5,544,771	6,514,835	(970,064)
Public safety:				
Patrol	3,101,382	2,995,634	3,397,934	(402,300)
Detective	705,591	662,065	664,865	(2,800)
Communications	500,993	489,331	496,643	(7,312)
Record bureau	210,234	236,905	245,563	(8,658)
Motor officers	375,688	120,358	108,843	11,515
Police administration	1,044,968	851,988	852,383	(395)
Jail	268,532	237,820	253,199	(15,379)
Police training	42,545	18,092	64,939	(46,847)
Total public safety	6,249,933	5,612,193	6,084,369	(472,176)
Community services:				
Recreation	835,738	892,373	759,755	132,618
Social services	735,629	806,283	478,206	328,077
Skate park	139,643	44,879	38,300	6,579
Restaurant	177,233	80,334	38,507	41,827
Park maintenance	135,000	104,356	65,811	38,545
Total community services	2,023,243	1,928,225	1,380,579	547,646

Continued

See accompanying note to the required supplementary information.

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CITY OF BELL
General Fund
Budgetary Comparison Schedule (Continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Public works:				
Public works	$ 151,255	$ 166,967	$ 562,042	$ (395,075)
Engineering	157,601	109,978	125,906	(15,928)
Total public works	308,856	276,945	687,948	(411,003)
Debt service:				
Interest and fiscal charges	1,013,800	937,548	2,388,969	(1,451,421)
Principal payments	-	360,000	-	360,000
Total debt service	1,013,800	1,297,548	2,388,969	(1,091,421)
Total expenditures	13,585,649	14,659,682	17,056,700	(2,397,018)
Excess (deficiency) of revenues over (under) expenditures	1,957,089	(1,066,614)	(2,574,302)	(1,507,688)
Other financing sources (uses):				
Proceeds from sale of capital assets	5,360	6,598	10,750	4,152
Transfers in	2,218,250	2,218,250	2,218,252	2
Transfers out	(2,356,916)	(2,356,916)	(565,781)	1,791,135
Total other financing sources (uses)	(133,306)	(132,068)	1,663,221	1,795,289
Special item:				
Repayment of excess pension assessment	-	-	(2,934,144)	(2,934,144)
Subtotal	(133,306)	(132,068)	(1,270,923)	(1,138,855)
Net change in fund balance	1,823,783	(1,198,682)	(3,845,225)	(2,646,543)
Fund balance at beginning of year, as restated	9,926,925	9,926,925	9,926,925	-
Fund balance at end of year	$ 11,750,708	$ 8,728,243	$ 6,081,700	$ (2,646,543)

See accompanying note to the required supplementary information.

CITY OF BELL
Retirement Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts			Variance With Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property taxes	$ 1,899,521	$ 2,759,111	$ 4,159,323	$ 1,400,212
Other	19,144	-	16,045	16,045
Total revenues	1,918,665	2,759,111	4,175,368	1,416,257
Expenditures:				
Current:				
General government	2,516,908	3,100,024	2,415,470	684,554
Public safety	-	1,810,903	1,337,642	473,261
Total expenditures	2,516,908	4,910,927	3,753,112	1,157,815
Excess (deficiency) of revenues over (under) expenditures	(598,243)	(2,151,816)	422,256	2,574,072
Other financing sources (uses):				
Transfers in	-	1,126,961	-	(1,126,961)
Transfers out	(929,117)	(874,977)	(874,977)	-
Total other financing sources (uses)	(929,117)	251,984	(874,977)	(1,126,961)
Net change in fund balance	(1,527,360)	(1,899,832)	(452,721)	1,447,111
Fund balance at beginning of year, as restated	1,991,615	1,991,615	1,991,615	-
Fund balance at end of year	$ 464,255	$ 91,783	$ 1,538,894	$ 1,447,111

See accompanying note to the required supplementary information.

CITY OF BELL
Note to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2010

(1) BUDGETARY CONROL AND ACCOUNTING

The City Council approves a multi-year budget submitted by the Chief Administrative Officer prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the City Council. All supplemental appropriations, where required during the period, are also approved by the City Council. Intradepartmental budget transfers are approved by the Chief Administrative Officer. In most cases, expenditures may not exceed appropriations at the departmental level within the general fund and at the fund level for other funds. At fiscal year-end, all operating budget appropriations lapse.

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in governmental funds. Encumbrances are closed out at the end of each fiscal year.

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF BELL
Required Supplementary Information
June 30, 2010

1. Other Postemployment Benefits (OPEB):

Schedule of Funding Progress

Actuarial Valuation Date	Projected Unit Credit Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) [(a)-(b)]	Funded Ratio [(b)/(a)]	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll {[(a)-(b)]/(c)}
7/1/2008	$ 21,594,332	$ -	$ 21,594,332	0.0%	$ 9,665,623	223.4%

2. Supplemental Retirement Plan:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Entry Age Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Actuarial Accrued Liability (UAAL) [(a)-(b)]	Funded Ratio [(b)/(a)]	Annual Covered Payroll (c)	UAAL as a % of Annual Covered Payroll {[(a)-(b)]/(c)}
7/1/2007	$ 4,470,490	$ 2,302,490	$ 2,168,000	51.5%	$ 2,731,030	79.4%
7/1//2008	5,319,923	3,342,761	1,977,162	62.8%	2,621,497	75.4%
7/1//2009	5,834,161	3,796,502	2,037,659	65.1%	2,708,587	75.2%

SUPPLEMENTARY INFORMATION

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Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

Gas Tax Fund

To account for revenue received from the State of California and other sources to be used for street maintenance and improvements.

Proposition A Fund

To account for revenue received from the County to be used for transportation costs.

Proposition C Fund

To account for revenue received from the County to be used for transit costs that pertain to roadways.

Air Quality Management Fund

To account for revenue received from the County for enacting air quality improvement policies.

Sanitation Fund

To account for revenues and expenditures related to the operations of the City's waste collections.

Sewer Maintenance Fund

To account for revenues and expenditures related to the operations of the City's sewer system.

AB939 Recycling Fund

To account for revenues and expenditures related to the operations of the City's recycling activities.

Solid Waste and Recycling Authority Fund

To account for revenues and expenditures for research and consolidation of internal operations for refuse and recycling.

Low and Moderate Housing Fund

To account for revenues and expenditures related to the development of facilities within the City for citizens of low or moderate means.

Community Development Block Grant (CDBG) Program Fund

To account for revenues and costs related to the activities approved and funded by the Block Grant Program.

Street Lighting Fund

To account for revenues and expenditures related to the operations of the City's street lighting activities.

Federal Asset Seizure Fund

To account for revenues and costs related to special narcotics investigations and seizure of assets.

Cable Television Authority Fund

To account for revenues and expenditures related to the activities of certain cable television fees.

Community Housing Authority Fund

To account for revenues and expenditures related to the operations of the housing authority.

Federal Grants Fund

To account for the revenues and expenditures of miscellaneous federal grants.

State COPS Fund

To account for funds received form the State of California under AB3229 for the purpose of the Citizens Option for Public Safety (COPS) program.

Surplus Property Authority Special Revenue Fund

To account for revenues and expenditures relating to the acquisition of surplus property.

Bikeway Fund

To account for revenues and expenditures related to bikeway activities.

Measure R

To account for revenue received from the County to be used for transportation projects and improvements.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

Community Housing Authority Fund

To account for the payment of principal and interest on long-term debt of the Community Housing Authority.

Public Financing Authority Debt Service Fund

This fund is used to account for the payment of principal and interest on long-term debt of the City.

Capital Projects Funds

Capital Projects Funds are used to account for the purchase or construction of major capital facilities. Capital Projects Funds are ordinarily not used to account for the acquisition of furniture, fixtures, machinery, equipment and other relatively minor or comparatively short lived fixed assets.

Community Housing Authority Fund

To account for the acquisition and development of certain mobile home units.

Community Redevelopment Agency Fund

To account for the economic revitalization and redevelopment of the City through acquisition and development of City property determined to be in a declining condition.

CITY OF BELL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds				
	Gas Tax	Proposition A	Proposition C	Air Quality Management	Sanitation
Assets					
Cash and investments	$ 1,768,516	$ 452,475	$ 1,477,824	$ 111,938	$ 744,780
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	-	-	-	-
Accrued interest	204	85	293	21	165
Deferred loans	-	-	-	-	-
Prepaid items	-	-	-	-	-
Due from other governments	157,761	-	-	11,786	81,595
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Land held for development	-	-	-	-	-
Total assets	$ 1,926,481	$ 452,560	$ 1,478,117	$ 123,745	$ 826,540
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 14,023	$ 2,412	$ 330,744	$ -	$ 101,773
Accrued payroll	641	2,316	3,056	-	6,631
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	14,664	4,728	333,800	-	108,404
Fund balance:					
Reserved for:					
Prepaid items	-	-	-	-	-
Land held for development	-	-	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Unreserved:					
Undesignated	1,911,817	447,832	1,144,317	123,745	718,136
Total fund balances (deficit)	1,911,817	447,832	1,144,317	123,745	718,136
Total liabilities and fund balances	$ 1,926,481	$ 452,560	$ 1,478,117	$ 123,745	$ 826,540

Sewer Maintenance	AB939 Recycling	Solid Waste & Recycling Authority	Low and Moderate Housing	CDBG Program	Street Lighting	Federal Asset Seizure
$ 226,508	$ 239,044	$ 2,954	$ 2,705,723	$ -	$ 230,032	$ 248,289
-	-	-	-	-	-	-
-	4,518	-	-	-	-	904
45	51	-	-	-	48	50
-	-	-	17,000	364,652	-	-
-	-	-	-	-	-	-
10,882	12,814	-	-	170,825	18,555	292
-	-	-	73,154	735	-	-
-	-	-	1,429,699	-	-	-
-	-	-	-	-	-	-
$ 237,435	$ 256,427	$ 2,954	$ 4,225,576	$ 536,212	$ 248,635	$ 249,535
$ 414	$ 18,354	$ -	$ 95	$ 5,525	$ 8,510	$ -
1,610	2,380	2,954	4,872	11,220	2,842	-
-	-	-	-	-	-	-
-	-	-	3,782	154,704	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	17,000	364,652	-	-
2,024	20,734	2,954	25,749	536,101	11,352	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,429,699	-	-	-
235,411	235,693	-	2,770,128	111	237,283	249,535
235,411	235,693	-	4,199,827	111	237,283	249,535
$ 237,435	$ 256,427	$ 2,954	$ 4,225,576	$ 536,212	$ 248,635	$ 249,535

(Continued)

CITY OF BELL
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2010

	Special Revenue Funds				
	Cable Television Authority	Community Housing Authority	Federal Grants	State COPS	Surplus Property Authority
Assets					
Cash and investments	$ 38,538	$ 252,356	$ 21,625	$ 98,724	$ 115,261
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	20,572	-	-	105,899
Accrued interest	-	6	32	18	129
Deferred loans	-	-	-	-	-
Prepaid items	-	-	-	-	75,133
Due from other governments	-	-	1,179,180	26,534	-
Due from other funds	-	-	935	-	-
Advances to other funds	-	-	-	-	-
Land held for development	-	19,500	-	-	-
Total assets	$ 38,538	$ 292,434	$ 1,201,772	$ 125,276	$ 296,422
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ -	$ 15,175	$ 863,057	$ 12,545	$ 76,141
Accrued payroll	-	11,401	1,333	-	4,036
Deposits payable	-	49,182	-	-	-
Due to other funds	-	-	48,425	-	-
Advances from other funds	-	123,660	-	-	-
Unearned revenue	-	-	-	-	61,611
Deferred revenue	-	-	-	-	-
Total liabilities	-	199,418	912,815	12,545	141,788
Fund balance:					
Reserved for:					
Prepaid items	-	-	-	-	75,133
Land held for development	-	19,500	-	-	-
Debt service	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Unreserved:					
Undesignated	38,538	73,516	288,957	112,731	79,501
Total fund balances (deficit)	38,538	93,016	288,957	112,731	154,634
Total liabilities and fund balances	$ 38,538	$ 292,434	$ 1,201,772	$ 125,276	$ 296,422

	Debt Service Funds		Capital Project Funds				
Bikeway	Measure R	Community Housing Authority	Public Financing Authority	Community Housing Authority	Community Redevelopment Agency	Total
$ -	$ 246,173	$ -	$ 7,952	$ -	$ -	$ 8,988,712
-	-	595,371	214,727	798,223	-	1,608,321
-	-	-	-	-	2,314	134,207
-	40	-	-	-	-	1,187
-	-	-	-	-	-	381,652
-	-	-	-	-	-	75,133
2,406	-	-	-	-	-	1,672,630
-	-	-	-	-	-	74,824
-	-	-	-	-	-	1,429,699
-	-	-	-	-	835,730	855,230
$ 2,406	$ 246,213	$ 595,371	222,679	$ 798,223	$ 838,044	$ 15,221,595
$ -	$ -	$ -	$ -	$ -	$ 960	$ 1,449,728
-	-	-	5,512	-	111	60,915
-	-	-	-	-	-	49,182
4,024	-	-	-	3,142	49	214,126
-	-	-	-	-	-	123,660
-	-	-	-	-	-	61,611
-	-	-	-	-	-	381,652
4,024	-	-	5,512	3,142	1,120	2,340,874
-	-	-	-	-	-	75,133
-	-	-	-	-	835,730	855,230
-	-	595,371	214,727	-	-	810,098
-	-	-	-	-	-	1,429,699
(1,618)	246,213	-	2,440	795,081	1,194	9,710,561
(1,618)	246,213	595,371	217,167	795,081	836,924	12,880,721
$ 2,406	$ 246,213	$ 595,371	$ 222,679	$ 798,223	$ 838,044	$ 15,221,595

CITY OF BELL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds				
	Gas Tax	Proposition A	Proposition C	Air Quality Management	Sanitation
Revenues:					
Taxes:					
Franchise taxes	$ -	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	-
Charges for services	-	45,055	-	-	-
Intergovernmental	981,618	493,157	409,097	43,885	1,862,367
Investment income	1,899	1,017	2,849	241	671
Lease income	-	-	-	-	-
Other	343,866	-	-	5,797	-
Total revenues	1,327,383	539,229	411,946	49,923	1,863,038
Expenditures:					
Current:					
General government	-	78,992	-	-	-
Public safety	-	-	-	-	-
Community services	-	531,843	-	-	-
Public works	567,904	-	239,650	98,080	1,588,772
Capital outlay	-	-	384,457	-	-
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Principal payments	-	-	-	-	-
Total expenditures	567,904	610,835	624,107	98,080	1,588,772
Excess (deficiency) of revenues over (under) expenditures	759,479	(71,606)	(212,161)	(48,157)	274,266
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	45,150	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	45,150	-
Net change in fund balances	759,479	(71,606)	(212,161)	(3,007)	274,266
Fund balances at beginning of year, as restated	1,152,338	519,438	1,356,478	126,752	443,870
Fund balances (deficit) at end of year	$ 1,911,817	$ 447,832	$ 1,144,317	$ 123,745	$ 718,136

Sewer Maintenance	AB939 Recycling	Solid Waste & Recycling Authority	Low and Moderate Housing	CDBG Program	Street Lighting	Federal Asset Seizure
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	48,203
-	-	-	-	-	-	-
349,384	476,895	-	-	653,547	632,767	-
94	194	-	8,223	-	275	469
-	-	-	-	-	-	-
-	-	-	-	-	-	-
349,478	477,089	-	8,223	653,547	633,042	48,672
-	-	127,021	-	44,151	-	3,573
-	-	-	-	337,999	-	-
-	-	-	219,363	-	-	19,292
139,825	357,429	-	-	271,286	548,258	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
139,825	357,429	127,021	219,363	653,436	548,258	22,865
209,653	119,660	(127,021)	(211,140)	111	84,784	25,807
-	-	-	-	-	-	-
-	-	127,021	924,986	-	-	-
-	-	-	(337,562)	-	-	-
-	-	127,021	587,424	-	-	-
209,653	119,660	-	376,284	111	84,784	25,807
25,758	116,033	-	3,823,543	-	152,499	223,728
$ 235,411	$ 235,693	$ -	$ 4,199,827	$ 111	$ 237,283	$ 249,535

(Continued)

CITY OF BELL
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit)
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds				
	Cable Television Authority	Community Housing Authority	Federal Grants	State COPS	Surplus Property Authority
Revenues:					
Taxes:					
Franchise taxes	$ 70,236	$ -	$ -	$ -	$ -
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	-	-	-
Intergovernmental	-	-	1,466,808	147,540	-
Investment income	-	11	643	55	641
Lease Income	-	2,909,618	-	-	739,335
Other	-	-	-	-	122,133
Total revenues	70,236	2,909,629	1,467,451	147,595	862,109
Expenditures:					
Current:					
General government	46,356	551,958	125,963	21,160	306,221
Public safety	-	-	89,744	13,934	-
Community services	-	891,960	322,078	-	-
Public works	-	-	69,374	-	-
Capital outlay	-	91,320	942,649	-	1,468,430
Debt service:					
Interest and fiscal charges	-	-	-	-	-
Principal payments	-	-	-	-	-
Total expenditures	46,356	1,535,238	1,549,808	35,094	1,774,651
Excess (deficiency) of revenues over (under) expenditures	23,880	1,374,391	(82,357)	112,501	(912,542)
Other financing sources (uses):					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	18,352	-	-	1,304,671
Transfers out	-	(1,299,992)	-	-	(500,000)
Total other financing sources (uses)	-	(1,281,640)	-	-	804,671
Net change in fund balances	23,880	92,751	(82,357)	112,501	(107,871)
Fund balances at beginning of year, as restated	14,658	265	371,314	230	262,505
Fund balances (deficit) at end of year	$ 38,538	$ 93,016	$ 288,957	$ 112,731	$ 154,634

		Debt Service Funds		Capital Project Funds		
Bikeway	Measure R	Community Housing Authority	Public Financing Authority	Community Housing Authority	Community Redevelopment Agency	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 70,236
-	-	-	-	-	-	48,203
-	-	-	-	-	-	45,055
16,729	246,143	-	-	-	-	7,779,937
-	70	-	4	-	-	17,356
-	-	-	-	-	23,150	3,672,103
-	-	-	-	-	88,672	560,468
16,729	246,213	-	4	-	111,822	12,193,358
7,280	-	-	224,057	-	67,643	1,604,375
-	-	-	-	-	-	441,677
-	-	-	-	-	-	1,984,536
-	-	-	-	-	-	3,880,578
11,067	-	-	-	3,390	-	2,901,313
-	-	936,658	1,482,447	-	-	2,419,105
-	-	360,000	570,000	-	-	930,000
18,347	-	1,296,658	2,276,504	3,390	67,643	14,161,584
(1,618)	246,213	(1,296,658)	(2,276,500)	(3,390)	44,179	(1,968,226)
-	-	-	-	-	-	45,150
-	-	1,299,992	1,313,738	-	-	4,988,760
-	-	-	(1,304,671)	(18,352)	(38,825)	(3,499,402)
-	-	1,299,992	9,067	(18,352)	(38,825)	1,534,508
(1,618)	246,213	3,334	(2,267,433)	(21,742)	5,354	(433,718)
-	-	592,037	2,484,600	816,823	831,570	13,314,439
$ (1,618)	$ 246,213	$ 595,371	$ 217,167	$ 795,081	$ 836,924	$ 12,880,721

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MGO Certified Public Accountants.

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Walnut Creek

Oakland

Newport Beach

San Diego

Seattle

October 17, 2012

Honorable Mayor and City Council
City of Bell
Bell, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bell, California (City) for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 11, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

- Management's estimate of the fair value of money market mutual funds and mutual funds are based on fund share prices as determined by the fund manager. We determined that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of depreciation expense is based on an estimate of the useful lives of the related capital assets. We evaluated the capitalization policy and the useful lives assigned to capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate for the other postemployment healthcare benefits obligations is based on actuarial review performed in accordance with parameters set forth in GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. We evaluated the key factors and assumptions used to develop the other postemployment healthcare benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. Below are sensitive disclosures affecting the financial statements:

- Note 2 – Restatement of Fund Balances and Net Assets. This note discloses restatements to the fund balances and net assets at July 1, 2009 to report correction of errors.

- Note 5 – Interfund Receivables, Payables and Transfers. This note discloses advance to the Bell Community Redevelopment Agency (Agency) in the amount of $5,702,286, which its collectability is contingent upon decision from the Oversight Board of the Successor Agency as an enforceable obligation as stipulated by AB 1484.

- Note 6 – Capital Assets. This note discloses $4.5 million was deleted from the construction in progress to record project abandonment.

- Note 7 – Long-term Liabilities. This note discloses the following:

    1. The City was not in compliance with bond requirements for the Series 2004 and 2007 General Obligation Bonds because it did not assess property taxes sufficient to pay the principal and interest on the bonds for the year ended June 30, 2010.

    2. Defaults occurred on the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note and the related lawsuits associated with these obligations that are currently pending.

    3. The City and the Agency were not in compliance with reporting provisions of the indentures for all bonds and certificates of participation and continuing disclosure requirements under SEC 15c2-12 for the year ended June 30, 2010 because the City's audited financial statements were not issued within 90 to 240 days of the year- end.

    4. The Chief Administrative Officer (CAO) and the Assistant Chief Administrative Officer (ACAO) accrued 11.0880 hours of sick leaves bi-weekly and 32.9280 hours of vacation leaves bi-weekly, respectively.

- Note 8 – Excess Employee Compensation. This note discloses uncertainties surrounding excess employee compensation paid to the CAO and other top administrative staffs. This matter is pending further investigation by the Los Angeles County District Attorney.

- Note 9 – Loan Program. This note discloses outstanding loans made to members of the City Council, City officials, City employees, and local business at the discretion of the former CAO that were not previously reported in the financial statements.

- Note 10 – Interfund Allocations of Payroll and Benefits. This note discloses direct payroll and benefit expenditures were allocated to various funds based on budget estimates rather than actual time spent on the program or function.

- Note 11 – Defined Benefit Pension Plan. This note discloses the City's purchase of five (5) years of Additional Retirement Service Credits (ARSC) on behalf of certain employees and the former City Council members and appeals on determination of the final compensation by some former employees and council members to the full CalPERS Board that are currently pending. These matters may impact the City's annual required pension contribution amounts in the future; however, the future financial impact is not currently determinable.

- Note 13 – Supplemental Retirement Plan. This note discloses termination of the Supplemental Retirement Plan and pending lawsuits.

- Note 15 – Commitment and Contingencies. This note discloses significant contingencies that are pending resolution as of the issuance date of the financial statements as follows:
    1. The SCO review of the Agency for the period July 1, 2000 through June 30, 2010 identified that the Agency failed to comply with Health and Safety Code requirements in several areas and inappropriately charged Agency funds in the amount of $664,834. This is pending final resolution from the SCO.
    2. The Office of Grants and Local Services of the California Department of Parks and Recreation audit issued on April 22, 2011 identified and requested a return of $481,716 in grant funds due to alleged violation of the competitive bidding process and conflict of interest. This is pending final resolution from the Office of Grants and Local Services of the California Department of Parks and Recreation.
    3. The City improperly increased assessments of the Sanitation and Sewerage Assessment System and business licenses taxes in the amount of $621,737 and $2,105,441 for assessment of the Sanitation and Sewerage Assessment System and business licenses taxes, respectively. This is pending final resolution from the SCO.
    4. Uncertainties of the outcome of lawsuits filed by former employees and City Council members.

- Note 17 – Impact of the Ambac Financial Group Inc. Bankruptcy Filing. This note discloses impact of Ambac Financial Group Inc. Bankruptcy Filing on the 2005 Lease Revenue Refunding Bonds and the Taxable Pension Revenue Bonds.

- Note 18 – Additional Post-Employment Benefits. This note discloses termination of certain postemployment benefits as of August 1, 2010.

- Note 19 – Subsequent Events. This note discloses dissolution of the Agency as of February 1, 2012 pursuant to Assembly Bill 1X 26.

Difficulties Encountered in Performing the Audit

The completion of our audit was complicated by the following:

1. Delay in obtaining information related to the Supplemental Retirement Plan that was not previously included in the City's financial statements and had not been audited since its inception in 2003.

2. Delay in obtaining information related to loans receivable of the employee loan program, which was not previously audited and reported.

3. Additional time spent on understanding the impact to the financial statements and status of numerous claims and lawsuits filed against the City.

4. Numerous adjustments made to the financial statements due to improper financial reporting practices and inadequate supporting documentation.

5. The City had an informal employee loan program that was not approved by the City Council and there were no policies or procedures in place for the program. This resulted in incomplete loan records and loans that were not properly recorded in the general ledger. Employee loans were not

handled consistently and, in some cases, the repayment schedules were either missing or incomplete. In addition to the employees, some members of the City Council also received loans. Subsequently, the City reported the outstanding loans to members of the City Council, City officials, and City employees in the amount of $530,521 and $462,425 as of June 30, 2010 and June 30, 2009, respectively.

6. Although there were Memorandums of Understanding (MOU) for the various employee groups at the City, we found that not all employees were compensated in accordance with the applicable MOU. In addition, the accrual for vacation and sick leave for some of the employees, we tested were not in accordance with the MOU. We also found several employees who were compensated through employee agreements outside the MOUs that had not been approved or authorized by the City Council. These agreements had been signed and approved by the former CAO; however, we found no evidence to support that authority.

7. The City management and/or employees "paid" their loans by cashing out their unused sick and vacation balance. These loan reductions should be included in the accounting records and be included in the reportable wages on the W-2. However, we found that the CAO had loan reductions in prior years of approximately $184,000 that were not included on his W-2 under reportable wages nor were these reductions recorded in the City's general ledger.

8. The City does not have policies and procedures for the allocation of direct or indirect payroll expenses and related benefits to City funds and functions. We found various employee payroll expenses and the related benefits allocated to various functions and funds based on budget estimates. These allocations were directed by either the former CAO or the former ACAO. As a result, we issued a qualified opinion as a result of a departure from accounting principles generally accepted in the United States of America related to the allocation of direct payroll and benefit expenditures to certain funds.

9. Deficiencies in IT controls due to a lack of personnel who are responsible for IT related functions.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following material misstatements detected as a result of audit procedures were corrected by management.

- Adjustment in the amount of $2,939,144 to accrue refund of excess property tax to the taxpayers in November 2010 as a special item in the General Fund.
- Adjustment in the amount of $5,229,205 to remove prior year uncollectible taxes receivable in the General Fund at July 1, 2009.
- Adjustment in the amount of $998,217 to remove current year uncollectible taxes receivable in the General Fund.
- Adjustment in the amount of $4,252,286 to reclassify deferred revenue associated with advances to the Agency to fund balance in the General Fund at July 1, 2009.
- Adjustment in the amount of $462,426 to record loans receivable associated with employee loan program and deferred revenue in the General Fund at July 1, 2009.

- Adjustment in the amount of $300,385 to record deferred revenue associated with loan receivable in the General Fund at July 1, 2009.
- Adjustment in the amount of $328,829 to accrue expenditures incurred in the General Fund as of June 30, 2010.
- Adjustment in the amount of $5,041,098 to write-off uncollectible advance from the General Fund to the Retirement Special Revenue Fund at July 1, 2009.
- Adjustment in the amount of $4,670,874 to write-off uncollectible advance from the General Fund to the Community Redevelopment Agency Debt Service Fund at July 1, 2009.
- Adjustment in the amount of $413,077 to reclassify transfer-in of the General Obligation Bonds tax levy from the Community Redevelopment Agency Debt Service Fund to property tax revenue in the General Fund.
- Adjustment in the amount of $563,099 to reclassify negative cash balances from the City Capital Project Fund and nonmajor governmental funds to due from other funds – General Fund.
- Adjustment in the amount of $426,984 to reclassify uncollectible due from nonmajor governmental funds to the Community Redevelopment Agency Debt Service Fund to transfers in and out.
- Adjustment in the amount of $1,018,840 to record pass-through payment as property tax revenue in the Community Redevelopment Agency Debt Service Fund.
- Adjustment in the amount of $1,183,704 to reclassify transfer-in of the retirement tax levy from the Community Redevelopment Agency Debt Service Fund to property tax revenue in the Retirement Special Revenue Fund.
- Adjustment in the amount of $290,565 to reclassify uncollectible due from the Community Redevelopment Agency Debt Service Fund to nonmajor governmental funds to fund balances at July 1, 2009.
- Adjustment to restate beginning balance of net assets in the amount of $4,976,052 as of July 1, 2009.
- Adjustment to report beginning net assets of the Supplemental Retirement Plan of $3,796,501 as of July 1, 2009.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 17, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination

of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the City Council management and others within the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Macias Gini & O'Connell LLP

Macias Gini & O'Connell LLP

City of Bell
Summary of Uncorrected Audit Differences
June 30, 2010

	Adjustment Description	Debit	Credit
1	Governmental Activities		
	Depreciation expense	$ 24,400	
	Accumulated depreciation		$ (24,400)
	To adjust the capital assets, net of accumulated depreciation, that were acquired under capital lease due to the use of incorrect useful life of 5 years instead of 3 years (shorter lease term).		
2	Nonmajor governmental funds - Community Housing Authority Special Revenue Fund and Governmental Activities		
	Bad debt expense	20,572	
	Allowance for uncollectible accounts receivable		(20,572)
	To record allowance for uncollectible accounts receivable that have been outstanding since July 1, 2008.		
3	Nonmajor governmental funds - CDBG Program Special Revenue Fund		
	Deferred revenue	12,000	
	Deferred loans		(12,000)
	Nonmajor governmental funds - Low and Moderate Housing Special Revenue Fund		
	Deferred loans	12,000	
	Deferred revenue		(12,000)
	To reclassify loan disbursed to Rosado in a prior year from the CDBG Program Special Revenue Fund to the Low and Moderate Housing Special Revenue Fund.		
4	Nonmajor governmental funds - CDBG Program Special Revenue Fund		
	Deferred revenue	25,000	
	Deferred loans		(25,000)
	To record loan repayment received in a prior year.		
5	Nonmajor governmental funds - CDBG Program Special Revenue Fund		
	Deferred loans	572	
	Deferred revenue		(572)
	To record additional deferred loan disbursed in a prior year.		
6	Nonmajor governmental funds - Cable Television Authority Special Revenue Fund and Governmental Activities		
	Franchise taxes	30,857	
	Due to City of Cudahy		(30,857)
	To record estimated franchise taxes related to Bell-Cudahy Cable TV Authority collected by the City of Bell but due to the City of Cudahy as of June 30, 2010.		

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: _____
Doug Willmore, City Manager

SUBJECT: **Fiscal Year 2009-2010 Single Audit of Federal Assistance**

RECOMMENDATION:

Receive and file.

BACKGROUND:

The Bell City Charter, Article VI, Section 604 (c) establishes that the Chief Administrative Officer shall "prepare and submit to the City Council as of the end of each fiscal year, a complete report on the finances and administrative activities of the City for the preceding fiscal year."

In the United States, the Single Audit, also known as the OMB A-133 audit, is a rigorous, organization-wide examination of an entity that expends $500,000 or more of Federal assistance received for its operations. Performed annually, the Single Audit's objective is to provide assurance to the US federal government as to the management and use of such funds by recipients such as states, cities, universities, and non-profit organizations. The audit is typically performed by the independent certified public accountant (CPA) tasked with audit of the entity financial statements and encompasses both financial and compliance components.

During the two-year period following the 2010 Bell scandal, that which included allegations of malpractice against the City's former audit firm, extensive damage was done to the routine accounting functions of the Finance Department. What's more, these extraordinary events conspired to postpone work on the complicated and time-consuming processes necessary for year-end audits and single audits.

The Single Audit for Fiscal Year 2009-2010 was recently completed by the City's new audit firm, Macias, Gini & O'Connell (MGO), and is the subject of this Agenda Report. Single Audits for Fiscal Years 2010-2011 and 2011-12 remain to be completed. Fieldwork for the FY 2010-11 audit is expected to commence within weeks.

AUDIT SUMMARY:

The City expended a total of $1,843,062 in Federal awards during FY 2010. Of this amount, $778,535 pertained to CDBG activities, and $884,809 pertained to U.S. Department of Transportation grants for street and road construction.

As expected, the City's independent auditors have issued a Single Audit report concerning Federal awards to the City that documents several areas of significant deficiency and material weakness over financial reporting and program compliance.

With regard to financial reporting, MGO opines that that the deficiencies described in items 2010-01 to 2010-06 (pp. 12 – 29) to be material weaknesses in need of remedy.

With regard to program compliance, MGO found that the City did not comply with regarding allowable costs applicable to the Community Development Block Grant (CDBG) program. Further, MGO opines that deficiencies in internal controls found in item 2010-07 to be material weakness.

Jim Godsey, the MGO partner in charge of the Bell engagement, will make a presentation to the City Council at its December 5th meeting.

DISCUSSION:

The Single Audit is performed within the scope of auditor field work necessary to formulate opinion on the government agency's financial report. It is common for a Single Audit report to consist of 5 to 7 pages, inclusive of the commentary entitled the Schedule of Findings and Questioned Costs.

In that Bell's 2010 Single Audit report reviews the final year of the Rizzo administration's existence, it comes as no surprise that the Schedule of Findings and Questioned Costs spans 21 pages. In this section of the report, the reader is offered detail over financial statement findings, internal control deficiencies and related matters in detail greater than that presented in the City's 2010 Financial Statements.

In terms of what will be required for the City of Bell to completely rebuild from the destructive financial practices of the Rizzo administration, the Schedule of Findings and Questioned Costs functions as a "to do" list for the current administration. This content is highly recommended reading for all interested in the internal control and compliance problems the City faces following removal of the Rizzo administration.

The findings are clustered into 9 disclosures, Finding 2010-01 through Finding 2010-09.

Finding 2010-01: Internal Control over Significant Accounting Procedures -- this item documents the lack of formal policies and procedures over the City's accounting practices for capital assets, cash disbursements, contractual procurement, advances between funds, cash handling, bank reconciliations, investments, business licensing, salaries and benefits and year-end closing processes.

Finding 2010-02: Other Control Deficiencies over Financial Reporting -- City accounting personnel were lacking in adequate experience in financial reporting. Errors in reporting as identified have been corrected by current management.

Finding 2010-03: Management Override of Internal Controls -- due to lack of internal controls, evidenced by lack of policies and procedures, former management compensated employees outside the confines of relevant contracts, paid for third-party work without contracts, and allowed repayment of employee loans by cash out of unused sick and vacation leave balances.

Finding 2010-04: Information Technology Control Weakness -- auditors conclude that City should designate or hire an IT Manager to correct weaknesses. Current management has done much to meet the recommendations discussed in this Finding.

Finding 2010-05: Filing of Single Audit Report -- documents the City's failure to complete the FY 2010 Single Audit in timely manner.

Finding 2010-06: Noncompliance with Law, Regulations, Contracts and Grant Agreements -- findings in this instance include noncompliance with bond covenants; illegal increase to the City's Retirement Tax; unlawful purchase of additional retirement service credit for five council members and four department heads between 2005 and 2009; noncompliance with terms of a California Department of Parks and Recreation grant; and improperly increased assessments for sanitation and sewer charges. Many of these items have been corrected.

Finding 2010-07: Allowable Costs/Cost Principles – Lack of Supporting Documents and Expenditures Not Allowable -- this item documents the City's former practice of allocating CDBG costs based on budgetary allocations rather than actual hours worked (as should be represented on payroll time cards). This Finding has been corrected.

Finding 2010-08: Activities Allowed or Unallowed and Allowable Costs/Cost Principles – Expenditures Not Allowable -- Repairs and maintenance on a City-owned vehicle were charged to the CDBG Handyworker Program that were disallowed. The City remitted $5,1414.65 on June 7, 2011 to correct this Finding.

Finding 2010-09: Procurement and Suspension Debarment -- the Federal Government publishes lists of vendors that are excluded from awards from granting agencies. The City contracted with a suspended vendor as part of its CDBG activities.

ATTACHMENTS

City of Bell Single Audit Report for the Year Ended June 30, 2010

CITY OF BELL, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2010

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CITY OF BELL, CALIFORNIA
Single Audit Report
For the Year Ended June 30, 2010

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MGO Certified Public Accountants.

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Sacramento

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable City Council
of the City of Bell, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Bell, California (City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 17, 2012. Our report includes a qualified opinion as a result of a departure from accounting principles generally accepted in the United States of America related to the allocation of direct payroll and benefit expenditures to certain funds based on budget estimates. Our report also includes three paragraphs emphasizing the following matters: defaults on the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note; uncertainties related to certain claims and lawsuits; and the dissolution of the Bell Community Redevelopment Agency. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-01 to 2010-06 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2010-05 and 2010-06.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Council, management and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Los Angeles, California
October 17, 2012

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Sacramento
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Oakland
Newport Beach
San Diego
Seattle

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Schedule of Expenditures of Federal Awards

The Honorable City Council
of the City of Bell, California

Compliance

We have audited the City of Bell, California's (City), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

As described in item 2010-07 in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding allowable costs/cost principles that are applicable to its Community Development Block Grants-Entitlement Grants Cluster (CFDA Nos. 14.218 and 14.253) program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-08 and 2010-09.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2010-07 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-08 and 2010-09 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2010 and have issued our report thereon dated October 17, 2012, which contained qualified opinions on those financial statements as a result of a departure from accounting principles generally accepted in the United States of America related to the allocation of direct payroll and benefit expenditures to certain funds based on budget estimates. Our report also includes three paragraphs emphasizing the following matters: defaults on the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note; uncertainties related to certain claims and lawsuits; and the dissolution of the Bell Community Redevelopment Agency. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 17, 2012.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the City Council, management and others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Macias Gini & O'Connell LLP

Los Angeles, California
October 26, 2012

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CITY OF BELL, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Expenditures of Federal Awards
U.S. Department of Housing and Urban Development:			
Passed through Community Development Commission of the County of Los Angeles:			
Community Development Block Grants/Entitlement Grants	14.218	D96061-09	$ 37,908
Community Development Block Grants/Entitlement Grants	14.218	D96064-09	44,152
Community Development Block Grants/Entitlement Grants	14.218	D96065-09	99,975
Community Development Block Grants/Entitlement Grants	14.218	600511-09	3,690
Community Development Block Grants/Entitlement Grants	14.218	D96069-09	337,999
Community Development Block Grants/Entitlement Grants	14.218	D99075-09	129,893
Total CDBG			653,617
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	REC088-09	118,438
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)	14.253	REC040-09	6,480
Total CDBG ARRA			124,918
Subtotal Community Development Block Grants-Entitlement Grants Cluster			778,535
Total U.S. Department of Housing and Urban Development			778,535
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant	16.738	2010DJBX1281	14,922
Passed through City of Los Angeles:			
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.804	C-116875	51,310
Passed through State of California:			
Public Safety Partnership and Community Policing Grants	16.710	2008CKWX0474	21,159
Total U.S. Department of Justice			87,391
U.S. Department of Labor:			
Passed through West San Gabriel Valley Consortium:			
Workforce Investment Act Youth Activities	17.259	CA20309CB	38,619
ARRA - Workforce Investment Act Youth Activities	17.259	-	7,332
Subtotal Workforce Investment Act Cluster			45,951
Total U.S. Department of Labor			45,951

Continued

See Notes to the Schedule of Expenditures of Federal Awards.

CITY OF BELL, CALIFORNIA
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Program Identification Number	Expenditures of Federal Awards
U.S. Department of Transportation:			
Passed through California Department of Transportation:			
Highway Planning and Construction	20.205	ESPL 5272(009)	465,817
Highway Planning and Construction	20.205	ESPL 5272(010)	418,992
Subtotal Highway Planning and Construction Cluster			884,809
Total U.S. Department of Transportation			884,809
U.S. Department of Treasury:			
Direct Program:			
Federal Asset Forfeitures	21.000	-	22,864
U.S. Department of Homeland Security:			
Passed through Los Angeles County:			
State Homeland Security Grant Program	97.067	2008-0006	23,512
Total Expenditures of Federal Awards			$ 1,843,062

See Notes to the Schedule of Expenditures of Federal Awards.

(1) General

The accompanying schedule of expenditures of federal awards (Schedule) presents the activity of all federal award programs of the City of Bell, California (City). The Schedule includes federal awards received directly from federal agencies as well as federal awards passed through other agencies. The City's reporting entity is defined in Note 1 to the City's basic financial statements.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the City's basic financial statements.

(3) Relationship to Basic Financial Statements and Federal Financial Reports

Information reported in the accompanying Schedule agrees with the amounts reported in both the basic financial statements and related federal financial reports for the federal award programs. Revenues from federal award programs are reported as intergovernmental revenues in the basic financial statements.

(4) Loan Programs with Continuing Compliance Requirements

The City participates in the Community Development Block Grants – Entitlement Grants Cluster program (CFDA Nos. 14.218 and 14.253) of the U.S. Department of Housing and Urban Development, which is subject to continuing compliance requirements. The outstanding loans balance with continuing compliance requirements for the program is $364,652.

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CITY OF BELL, CALIFORNIA
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Section I – Summary of Auditor's Results

Financial statements:

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified ?	None reported
• Noncompliance material to financial statements noted?	Yes

Federal Awards:

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Qualified for Community Development Block Grants - Entitlement Grants Cluster and unqualified for Highway Planning and Construction Cluster
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	Yes

Identification of major programs:

CFDA Number	Name of Federal Program
CFDA Nos. 14.218 / 14.253	Community Development Block Grants - Entitlement Grants Cluster
CFDA No. 20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee?	Yes

Section II – Financial Statement Findings

Finding 2010-01: Internal Control over Significant Accounting Procedures

Criteria

An organization should have a system of internal controls, which are suitably designed to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements of the entity's financial statements on a timely basis. Formal written policies and procedures are in integral part of a system of internal controls. Such policies and procedures are established to ensure integrity over financial reporting, including compliance with provisions of laws, regulations, contracts, and grant agreements that could have a direct and material effect on the financial statements, and to safeguard assets. An effective system of internal controls also needs to operate as designed. Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets. No one individual should control all key aspects of a transaction or event.

Condition, Cause and Effect

Due to the lack of formal policies and procedures over the City's accounting processes and functions related to financial reporting, we identified the following material weaknesses in internal controls during our audit:

1. Capital assets:
   a. The capital assets subsidiary ledger was not complete or current. Disposed assets were included on the capital assets subsidiary ledger. Without a current subsidiary ledger of all capital assets held by the City, the safeguarding of assets may be compromised, the account balances for capital assets may not be accurate, and obsolete items may go unnoticed.
   b. Construction in progress (CIP) was not properly classified. Costs of $2.4 million were improperly classified as CIP but should have been classified as land. In addition, $900 thousand of expenses related to maintenance of capital assets not owned by the City were improperly recorded as CIP. As result, CIP was overstated by $900 thousand.
   c. Land acquisitions in the amounts of $1.5 million were not properly capitalized in prior years, resulting in the understatement of capital assets.
   d. The City informally capitalizes capital assets greater than $5,000. However, the City does not have a formal written capitalization policy for financial reporting or grant compliance. Without a formal capitalization policy, it is possible that capital asset purchases of either individually, or group purchases of similar assets, significant amounts are not being recorded as such and are not on the schedule of capital assets.
   e. It is unknown when the last physical inventory of capital assets was conducted by the City. A properly designed system of internal controls should establish guidelines for a periodic physical inventory of capital assets, which reconciles physical counts to accounting records to ensure recorded capital assets exist and to safeguard capital assets.

2. Liabilities and cash disbursements:
   a. The City does not have formal policies and procedures for determining year-end accruals for accounts payable and other accrued liabilities. Based on our search for unrecorded liabilities through examining subsequent disbursements, we determined that the City under accrued liabilities by $360 thousand. Proper cutoffs at year-end are critical for the accuracy of reporting transactions in the proper period. Without proper cutoffs, expenditures/expenses and payables may not be accurately stated.

b. Some of the cash disbursements subjected to our testing did not have proper supporting documentation or the warrant package was incomplete.
c. There is lack of segregation of duties within the Finance Department. The cash disbursement system is accessible via a password; however, the password is shared among the various users of the system. New vendors can be established by any user in the system. The approval process is performed verbally. Lack of documentation over the approval process can cause the City to be at higher risk for inaccurate and unauthorized payments.
d. There is no formal procedure for preparing and approving cash disbursement journal entries. We found instances where wire transfers and manual checks were not posted in a timely manner and were not reported in the warrant register.
e. There was no safeguard over the blank check stock or over the check signing signature plate. These deficiencies cause the City to be at a high risk for unauthorized payments.

3. Contracts and procurement:
   a. The City does not have procurement policies and procedures relating to issuing and entering into contracts with vendors. During our audit, we found instances where the City failed to competitively bid projects, there was no contract on file for the vendor, and/or that many of the existing contracts had expired.
   b. The retention amount on all construction related contracts was not recorded properly in the general ledger. The retention amount was withheld during the life of the contract; however, the liability related to the retention amount was not recorded until the completion of the project. This resulted in liabilities being understated by the amount of the cumulative retention payable of $126,530 at fiscal year-end. The lack of policies and procedures for handling retentions has created an inconsistency for the handling of retentions from vendor to vendor.

4. Long-term advances between funds:
   The City has not established a repayment schedule for various long-term advances among the funds. During our audit, we determined that advances of $4.3 million should have been recorded as transfers between the funds because repayment was not expected within a reasonable period of time as set forth in generally accepted accounting principles (GAAP). The lack of policies and procedures over the proper recording of interfund transactions can lead to improper financial reporting and inconsistences in recording similar transactions.

5. Cash handling, cash receipts, bank reconciliations and investments:
   a. The cash receipts system for the City is outdated and constrictive. The system requires that the prior month's transactions be completed, approved and posted before the current month's data can be entered. This delays the recording of the current month's transactions. In addition, the delays resulted in lost or misplaced documentation, which supports the cash receipt transaction and the recording thereof. During our review of cash receipts, we noted that there were over $2 million of cash receipts, which had not been posted to the general ledger.
   b. Various departments within the City handle the cash receipts process differently. The City does not have policies and procedures for cash handling for all City functions and departments. Such policies and procedures should address segregation of duties and include a thorough review of all receipts and their recording.
   c. We noted that bank account reconciliations were not performed in a timely manner. The bank account reconciliation for the City's general checking account was not performed until May 31, 2011. Bank reconciliations should be performed on all bank accounts in a timely manner after month-end. The bank reconciliations should be formally approved. Any discrepancies should be investigated and all

errors and omissions should be posted to the general ledger.

d. There is no policy or procedure for accounting for stale dated checks. As a result, there were numerous stale dated checks carried as outstanding checks in the City's bank account reconciliations.

6. Business license revenue:
   a. The City does not have a policy and procedure to formally approve a schedule of business license fees. The absence of a policy or approved schedule has resulted in motels being charged varying amounts without a rationale for the differences.
   b. The City has used the 1997 Municipal Code adjusted for inflation to calculate the business license fees for commercial businesses and for apartments; however, we were unable to recalculate the rates.
   c. The City does not have a control procedure to verify that the amount of business license fee paid is the correct amount due.

7. Salaries, employee benefits and compensated absences:
   a. The City did not follow their policy and procedure for City Council's approval of employee salaries or pay rates. This resulted in payments to employees that were not approved by the City Council.
   b. The City had an informal employee loan program that was not approved by the City Council and there were no policies or procedures in place for the program. This resulted in incomplete loan records and loans that were not properly recorded in the general ledger. Employee loans were not handled consistently and, in some cases, the repayment schedules were either missing or incomplete. In addition to the employees, some members of the City Council also received loans. Subsequently, the City reported the outstanding loans to members of the City Council, City officials, and City employees in the amount of $530,521 and $462,425 as of June 30, 2010 and June 30, 2009, respectively.

8. Year-end close process:
   a. The City does not have a documented year-end close process. We found that the process was disorganized and fragmented, which resulted in many audit adjustments to record missed transactions or to correct errors. There should be a year-end workplan identifying year-end closing deliverables and responsible individuals, which is consistently followed each year-end.
   b. There was a misunderstanding between the roles and responsibilities of the City for financial reporting and the auditors in performing the audit.

9. Pass-through agreements:
   Bell Community Redevelopment Agency (Agency) has several pass-through agreements to distribute incremental property taxes to the County of Los Angeles and other special districts, which are identified on the property tax remittance advices from the County; however, the City was unable to locate or identify current agreements.

Recommendation

We recommend that the City review all of its major functions and services and develop, approve and implement formal written policies and procedures to ensure that the City's system of internal control over financial reporting and the safeguarding of assets is suitably designed. We further recommend that the City take immediate action to develop the policies and procedures related to the material weaknesses noted above. The City should perform periodic monitoring reviews to determine that the controls are functioning as intended and that the correct controls are in place. The City should also perform periodic risk assessments of the control environment to determine whether changes in policies and procedures are warranted when there are changes in the operating environment.

We further recommend that the City collect and review all contracts and agreements to determine their validity and take corrective action as necessary.

Management Response and Corrective Action Plan

The City appreciates the objectives of the audit team in identifying weakness within the internal control processes of the City. The City is committed to improving its processes by identifying and amending them in the future to improve the internal controls of the City. The City further commits to ensuring that the proper approvals and authority are provided for contracts, wages and benefits or any other areas where it is prudent and within best practices to provide those approvals and authorities. The positions of accounting manager and finance director were recently appointed; therefore, the City plans to be in compliance by June 2013.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager

Finding 2010-02: Other Control Deficiencies over Financial Reporting

Criteria

The City is responsible for preparing its financial statements in accordance with government GAAP. Accordingly, the organization should have personnel sufficiently knowledgeable about governmental financial reporting.

Condition, Cause and Effect

City accounting personnel did not have sufficient experience in governmental financial reporting. As a result, we identified the following errors in financial reporting, which were corrected by management:

1. The 2005 Lease Revenue Bonds and the Series 2007 General Obligation Bonds bond project funds' were classified as unrestricted cash and investments rather than properly reported as restricted cash and investments. This resulted in reclassifications of $798,223 for the 2005 Lease Revenue Bonds and $24,362,173 for the Series 2007 General Obligation Bonds between unrestricted and restricted cash and investments.
2. The City's Supplemental Retirement Plan (Plan) was not previously reported in the City's annual financial statements. The City is the trustee of the Plan and has custody of its assets; as such the Plan should be reported as a Pension Trust Fund in the City's financial statements.
3. Management did not identify and disclose all related party transactions in the financial statements.
4. The City recorded property taxes receivable for taxes that were never levied by the City. This resulted in a prior period adjustment of $5.2 million to beginning net assets.
5. An interfund loan of $4,252,286 due from the Community Redevelopment Agency Debt Service Fund to the General Fund was not repaid within one year. This resulted in a reclassification from a short-term interfund loan to a long-term interfund loan.

Recommendation
We recommend that the City develop policies and procedures for complying with all applicable reporting requirements for governmental entities. We further recommend that the City place qualified individuals in the positions of conducting and overseeing the financial reporting process.

Management's Response and Corrective Action Plan

1. Staff will change the Bell Community Housing Authority cash account for the 2005 Lease Revenue Bonds from unrestricted cash and investments to restricted cash and investments for future financial statements.
2. The City acknowledges that it is the trustee of the Supplemental Retirement Plan (Plan) and will include it in future annual financial statements.
3. Current Management is fully aware of the improprieties of past management. The City will disclose any related party transactions on all future financial statements.
4. The City acknowledges the back log of issues in the improprieties of past management and focusing on avoiding these unfortunate events by establishing policies and procedures to ensure the City's compliance with applicable reporting requirements.

The positions of accounting manager and finance director were recently appointed; therefore, the City plans to be in compliance by June 2013.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager

Finding 2010-03: Management Override of Internal Controls

Criteria
An organization should have a system of internal controls, which are suitably designed to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements of the entity's financial statements on a timely basis. Formal written policies and procedures are an integral part of a system of internal controls. Such policies and procedures are established to ensure integrity over financial reporting, including compliance with the provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the financial statements, and to safeguard assets. City Council is responsible for exercising oversight of financial reporting and related internal. This oversight responsibility is established to, among other things, reduce the risk of management override of controls.

Condition, Cause and Effect
Due to the lack of an internal control system with formal policies and procedures and the lack of oversight by the City Council, we identified areas where there appeared to be management override of internal controls as follows:

1. Salaries, employee benefits and compensated absences:
   a. Although there were Memorandums of Understanding (MOU) for the various employee groups at the City, we found that not all employees were compensated in accordance with the applicable MOU. In addition, the accrual for vacation and sick leave for some of the employees, we tested was not in accordance with the MOU. We also found several employees who were compensated

through employee agreements outside the MOUs that had not been approved or authorized by the City Council. These agreements had been signed and approved by the former Chief Administrative Officer (CAO); however, we found no evidence to support that authority.

b. The City does not have policies and procedures for the allocation of direct or indirect payroll expenses and related benefits to City funds and functions. We found various employee payroll expenses and the related benefits allocated to various functions and funds based on budget estimates. These allocations were directed by either the former CAO or the former Assistant Chief Administrative Officer (ACAO).

2. We found evidence of management override of procurement and payment controls because work was performed and vendors were paid without valid authorized contracts.
3. The City management and/or employees "paid" their loans by cashing out their unused sick and vacation balance. These loan reductions should be included in the accounting records and be included in the reportable wages on the W-2. However, we found that the CAO had loan reductions in prior years of approximately $184,000 that were not included on his W-2 under reportable wages nor were these reductions recorded in the City's general ledger.

Recommendation

We recommend that when the City designs its policies and procedures related to its system of internal control over financial reporting and the safeguarding of assets as set forth in our recommendation in finding 2010-01, such controls should specifically identify segregation of duties in the various functions of government and should reduce the risk of management override of such controls through City Council oversight.

Management Response and Corrective Action Plan

Current management and elected officials are well aware of the improprieties of former management and City Council. The City of Bell has new objectives and is committed to ensuring that there is proper documentation, authority, approvals and adherence to the rules and policies for the future of the City of Bell. The positions of accounting manager and finance director were recently appointed; therefore, the City plans to be in compliance by June 2013. Responsible parties for corrective action are: Josh Betta- Finance Director; and Hector Vazquez- Accounting Manager.

Finding 2010-04: Information Technology (IT) Control Weaknesses

Criteria

IT controls are a critical mechanism for ensuring the integrity of information systems and the reporting of the City's finances.

Condition, Cause and Effect

Due to a lack of personnel who are responsible for IT related functions, we noted the following deficiencies in IT controls during our audit:

1. ***City lacks central governance of IT strategy and activities***
   The Committee of Sponsoring Organizations of the Treadway Commission (COSO) standards require that the top level of governance establish policies and procedures for its entire organization. Additionally, the COSO framework standards encourage that continual monitoring of these controls

exist to ensure that the documented controls are actually being adhered to by staff. Such governance is integral to providing direction and establishing an entity's control environment by issuing enterprise-wide policies and procedures and providing oversight over IT activities. No such IT policies or procedures, however, exist within the City.

As a result of the lack of governance, the City has negligible IT controls. For example, the City has no IT policies and procedures in place that specify the control environment, password standards, or what IT-related activities are permissible in the workplace.

Recommendation
The City should designate or hire an IT Manager. This individual should work directly with the Chief Administrative Officer and Department heads, and outside expertise as necessary, to identify and implement IT policies and procedures governing all areas of IT controls, including hardware, software, user access, vendor activities, and general and application-specific IT security.

Management's Response and Corrective Action Plan
At its June 20, 2012 meeting, the City Council retained the services of the City of Brea (under the business name of "BreaIT") to provide Information Technology support services for the City of Bell, in other words serve as the City's IT Manager. The contract with Relia-Tech was terminated as part of the June 20, 2012 Council action. The BreaIT provides customized contract services to 15 local government agencies in the greater Los Angeles area. The services for the City of Bell include:

- Ongoing day to day support of the City's computer system
- Assistance in the acquisition of new back up, antivirus, necessary firewall, licensing, and hardware and software systems
- Access to government purchasing systems
- Recommendations on high, medium, and low priority upgrades to the City's overall IT system
- Development of a multi-phased long term IT Master Plan
- Support in the development and implementation of policies and systems related to security, access, and back up needs.

Ongoing support services by the BreaIT include an Account Manager who oversees the services provided to the City of Bell as well as 16 hours a week of on site services to manage the day to day services. Additionally, the BreaIT provides emergency services support for the system as well as remote on line support.

With the help of BreaIT the City of Bell has established a Technology Steering Committee as an IT governance body. This committee is in the process of developing and implementing IT policies and procedures.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

2. ***No contractual agreements for the City's outsourcing of network administration and financial system programming and support***
All services performed by outside entities for the City should be performed under contract. The most recent City contract with Relia-Tech, which provides network administration, expired June 30, 2010. The City also did not have any contract with Data Stream Business Solutions (DataStream), which provides financial programming and support. Neither City finance personnel nor DataStream

personnel could locate any contracts executed between the two parties. The last services change was an hourly rate change communicated by letter from DataStream to the City on August 28, 2007.

Contracts, which specify clear deliverables, performance criteria, ownership of assets, consideration, and delineation of liability, are critical to assuring that the City 1) is clearly specifying required services, and receiving those services, 2) understands and agrees to ownership of IT assets such as the financial system source code, and 3) is limiting its liability for unforeseen events.

Recommendation
The Chief Administrative Officer should 1) determine specific required services, including IT control-oriented services, 2) determine, via negotiation and forensic documentation analysis as required, ownership of its financial system software, and 3) determine desired contractual terms and conditions for IT support vendors. After identifying their IT needs versus the services being provided by their current contractors, the City should evaluate if it should continue with current vendors or issue new RFPs. The City should subsequently document and execute new contracts with its information technology service providers.

Management's Response and Corrective Action Plan
At its June 20, 2012 meeting, the City Council entered into a one year contract with the BreaIT to provide IT services for the City of Bell. The contract included a delineation of services to be provided as described under item 1 above. Relia-Tech is no longer providing services to the City of Bell.

The City continues to use DataStream for support of the finance computer system. Due to the number of expired contracts, the City has not had an opportunity to update the contractual relationship with DataStream. However, DataStream has been supportive of the needs and issues that have arisen with the City's financial system. The 2012-13 City Budget includes funds for the acquisition of a new financial system for the City. As part of the acquisition of this new system, it is anticipated that the City will enter into contracts that will required to acquire and maintain the new Finance system.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

3. ***The City does not have an IT Strategic Plan***
Best practices in IT general controls should ensure that strategic IT plans are developed that are aligned with the goals and objectives of the agency as a whole. The City, however, has not developed an IT Strategic Plan. Without a Strategic Plan in place, IT initiatives may not be in alignment with City needs, and the City may find difficulty in justifying required IT expenditures.

Recommendation
Once the City hires an IT Manager, the IT Manager should work with the Chief Administrative Officer and all City departments to develop an IT Strategic Plan. This plan should ensure that IT initiatives are aligned with the goals and objectives of the City.

Management's Response and Corrective Action Plan
As the City's IT Manager, BreaIT staff is assisting Bell in the development of a multi-phased IT Strategic Plan. To support this effort, the IT Steering Committee is working with the BreaIT staff and the City Manager. Currently the Steering Committee is addressing the highest priority items of security, backup, and virus protection, with a secondary goal of identifying the next highest priority

items to be addressed utilizing the "computer upgrade funds" included in the 2012-13 City Budget. The Steering Committee is currently working in developing a longer range, multi-year IT Strategic Plan.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

4. ***A formal policy and procedure for managing changes or development to the financial system has not been established***

Change control is a formal process used to ensure that changes to a product or system are introduced in a controlled and coordinated manner. Today's computer applications and network infrastructure are extremely complex, and require careful control and testing of changes in order not to disrupt an organization's operations. What seems like an innocuous code change can have disastrous impacts on a downstream process or data integrity. The City, however, has no formal control documentation for how the financial system vendor will manage system changes. Change control, including testing, is currently only based on the institutional knowledge of those involved.

Recommendation

The City should formally document change control processes with its financial systems vendor, including roles, ownership, and responsibility for testing and approvals at both the financial system vendor and within the City.

Management's Response and Corrective Action Plan

Currently, the City continues to use DataStream for support of its financial system. The 2012-13 City Budget includes funds for the acquisition of a new financial system for the City. As part of a new system acquisition will be the development of the necessary policies and procedures related to change control processes.

The City of Bell is in the process of updating the City's network infrastructure. This will provide additional capabilities to better provide and manage users and grant and/or restrict access to systems.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

5. ***The City has no strategy for managing the configuration of its IT assets, including servers, networks and networking equipment, software, and desktop computers.***

IT management practices require that the City identify and manage its configuration, or inventory, of servers, PCs, networks, and networking equipment. This configuration is essential to assuring that IT components are controlled and updated as necessary. As part of managing this configuration, the City should determine when IT assets become obsolete or unserviceable and develop an end-of-life replacement strategy.

The server housing the City's financial system, as well as the City firewall, are at their end of useful life and spare parts or software updates are no longer readily available. Several of the City's desktop computers are over seven years old, and no longer have available spare parts. A failure of the City's server hosting the financial system, network firewall, or older desktop computers could jeopardize City operations, or leave the City network vulnerable, for an extended period of time.

In addition, the City's antivirus software license expired in June 2011. City computers consequently do not have up-to-date antivirus definitions. This increases the potential of a computer virus or Trojan causing a loss of sensitive City data.

Finally, the City's network topography is not documented. Understanding of the City's network topography is dependent on the institutional memory of the City's network support vendor. Should either the City need to change network support vendors, or key individuals at the City's network support vendor become unavailable, the City's ability to upgrade or repair its network infrastructure would be greatly hindered.

Recommendation
The City should formally document its configuration of computers, software, network, and networking equipment. After documenting its IT configuration, the City should evaluate the required controls for each item and replace items that are either obsolete or past their support life.

Management's Response and Corrective Action Plan
As part of the new Bell leadership team, two evaluations of the existing technology system were completed. The first was conducted in Fall 2011 and was an overall review completed by an ad hoc team of three local government information technology professionals from the cities of Beverly Hills and San Mateo. The second was completed in Spring 2012, by the BreaIT Information Technology Services Department. It was a detailed, comprehensive review and evaluation of the City's entire Information Technology system, detailing all equipment as well as hardware and software systems at every City facility. It also identified the system improvements that were necessary. Copies of these two evaluations are available through the City staff. These evaluations are serving as a base for the immediate items that need to be addressed as well as the preparation for the longer IT Strategic Plan. The City's IT Steering committee is working on a computer replacement cycle policy, to avoid systems reaching end of life scenarios. Current end of life network servers are being replaced through a server virtualization project that is underway.

The long-term management and inventory of the City's computers and servers hardware and software is being done through software that was installed by BreaIT.

The City has also purchased and is in the process of installing new anti-virus software an all the City's systems.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT

6. ***.The City has an inadequate data backup location.***
Best practices for disaster recovery require that a data back-up location not be susceptible to the same types of disasters (flood, fire, terrorist acts, etc.) as the main location. In lieu of a formal evaluation of the recovery site risks, the site should be at least 20 miles away from the main location. This control should ensure that the City's systems and data can be restored in the event of a disaster. If the primary and back-up locations are geographically close, it increases the risk that both locations are unavailable in the event of a disaster.

Currently, the City stores the backup tape on top of the financial system server until the tape is full (~100 backups), then places the backup tape in an unlocked vault in the next room. When performing system upgrades (every one or two years), staff will send a backup copy to DataStream (the vendor

supporting the City's financial system). By not having a backup location outside of a 20 mile radius from the City, the City is at an increased risk of losing financial data if a disaster event occurs.

Recommendation
The City should research back-up locations outside of the 20 mile radius of the main location. Once back-up location options are determined, budgetary resources should be approved to fund the establishment of a back-up location that aligns with best practices and assures the City's back-up financial information and data are secured.

Management's Response and Corrective Action Plan
As part of its work with the BrealT, Bell has addressed this issue of inadequate data back-up over the last sixty days. The City now has a data back-up provider, with a back-up location in another part of the United States.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BrealT.

7. ***The City does not manage or review access roles for its network or financial system.***
Organizations need to understand, define, and document their authorization roles and administrator access, in order to properly segregate duties between individuals. Undefined authorization roles and administrator access put organizations at risk of financial fraud, waste, and abuse.

The City's data structure is not consolidated and separated according to department. Users have access to all non-financial City data. Users are not assigned proper rights and security policies via group policy. Only accounting employees have access to the financial system.

The financial system does have generic access areas, (General Ledger, Cash Receipts, Accounts Payable, Payroll, Fixed Assets, Business Licensing), and Finance employees have access to one or more of these areas. The City, however, has not documented formal roles or role assignments. The City also has no policies or procedures for review of network access or roles, even when employees are terminated.

An employee terminated in November 2010 still has a logon to the City's financial system. We were unable to verify if this previous employee still has access to the City network, as neither City personnel nor the City's network support vendor could provide a list of those individuals with VPN access to the City network. This lack of roles and role enforcement puts the City at greatly increased risk of unauthorized individuals accessing the City network or financial system.

Recommendation
The Chief Administrative Officer, working with the to-be-hired IT Manager, should develop access roles, and policies and procedures to manage these roles, for both the City network as well as for the City financial system. The policies and procedures should address hiring and terminations, review of master or super user activity, and annual review of roles.

Management's Response and Corrective Action Plan
This issue has been identified by the City Manager, IT Steering Committee, and the BrealT as a concern. One of the top priorities of these parties is to implement policies to deal with this matter, which should be in place in the next four – six months. Policies will address the use of internet, telephone, and social media.

When BreaIT came in they immediately changed the network administrator password and are in the process of setting up rights and permission for access to system based on individual roles.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

8. ***The City's financial system server is not physically secured.***
Physical security practices require that the City provide and enforce physical access protection for the facility or room where the financial system resides. This prevents unauthorized tampering or abuse of the physical server hardware. The server housing the City's financial system is out in the open, in the back of the City administration office, with no secured access. This places the City's financial system server at increased risk of physical damage.

Recommendation
In the short-term, the City should move the financial server to the telecom room, where it will potentially be behind a locked door. For the long-term, the City should investigate either building a secure server room with full physical access and environmental controls, or moving the financial system to an external shared services location with such controls.

Management's Response and Corrective Action Plan
The matter of the City's Financial System Server not being physically secured was identified in both System evaluations that have been previously discussed. The City Council approved the purchase of a "virtual server" for the City's IT system at the September 19, 2012 meeting. All of the hardware and software has been purchased and the City is currently waiting for the delivery of these IT products. In the meantime, the City has assigned a designated office space behind the Code Enforcement area as the IT Supportive Systems Office. This office will not only securely store the virtual server equipment but will also store the financial system. As recommended, the servers will also be moved from the Bell Police Department telephone/utility room into the new office. As of today, the City is approximately 80% completed with this project. This office will be secured by two (2) doors and will have limited access by authorized personnel. The City expects this to be completed in the next month.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

9. ***Application password standards need to be strengthened.***
General computer controls require that access to the IT network and applications be properly controlled. The City, however, does not have a formal policy regarding complex password standards for financial application access. The City allows passwords of any length or complexity for accessing the financial system. Without formal requirements, password configuration standards may change based on administrator preference, rather than adherence to standard industry practices. Additionally, the chance of someone hacking into a financial system increases considerably when strong passwords are not used.

Recommendation
The Chief Administrative Officer should develop and implement a formal administrative procedure defining the minimum password configuration requirements for the financial system. For example:

Password history:	12 to 24 passwords remembered
Maximum password age:	30 to 90 days
Minimum password age:	1 to 3 days
Minimum password length:	8 to 14 characters
Password must meet complexity requirements:	Enabled
Store password using reversible encryption:	Disabled
Password complexity:	Minimum of eight characters Contains at least two numeric or special characters

Management's Response and Corrective Action Plan
As previously discussed, it is recognized by the City Manager, IT Steering Committee, and BreaIT staff that a number of policies need to be established, including one that will address stricter password standards. It is anticipated that policies will be implemented in the next four – six months to address the computer control security measures. In addition, the City has purchased and is in the process of installing new firewall between the community, Police and City systems including an antivirus protection to enhance overall security protection.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

10. A comprehensive IT risk assessment has not been performed.
General computer controls over the access to programs and data require that a mechanism or procedures be in place to identify and react to risks arising from internal and external sources. A comprehensive means to identify IT risks is through the periodic performance of IT risk assessments. The City, however, has not performed a formal comprehensive and independent IT risk assessment to help identify the risks to the delivery of IT services and the accuracy and integrity of the financial and personnel data.

Recommendation
An independent IT risk assessment should be performed. The risk assessment should focus on identifying the possible IT risks, the delivery of IT services and the accuracy and integrity of the financial and personnel data. The risk assessment should quantify the likelihood of an event, the impact of the event and the mitigating controls that would address the possible risk. The risk assessment should also include network penetration testing to ascertain the vulnerabilities of computer network from hacking attempts.

Management's Response and Corrective Action Plan
Please refer to the response that was provided in response to item number 5. Two evaluations have been completed under the new leadership team, that are serving as the basis for the current and upcoming work being done by the City of Bell, supported by the BreaIT.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

11. Lack of service level agreements

The City outsources technical support to Relia-Tech and has no formal service level agreements (SLAs) between Relia-Tech and the departments or divisions it supports. Without formal SLAs, departments are not aware of the level of services that can be expected from Relia-Tech. The measures of performance may be network or application availability time, time to respond to help desk calls, or time to configure new accounts.

Recommendation

The Chief Administrative Officer, working with the to-be-hired IT Manager and their functional user departments should work to define realistic service levels. The City can have one overall agreement for all departments and a more specific agreement for a department that has specific needs. These service levels should be measurable and periodically reported upon to ensure that the agreements are being met, and if not, the cause should be determined.

Management's Response and Corrective Action Plan

At its June 20, 2012 meeting, the City Council entered into a one year contract with the BrealT to provide IT services for the City of Bell. The contract included a delineation of services to be provided.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BrealT.

12. Lack of disaster recovery plan

The City does not have a formal disaster recovery plan. Lack of a disaster recovery plan could result in loss of financial data and business interruptions in the event of a disaster.

Recommendation

The Chief Administrative Officer, working with the to-be-hired IT Manager should develop and implement a disaster recovery plan that will detail how City functions would operate in the event that the City's IT network and applications are unavailable for an extended period of time, or in the event of a disaster. The disaster recovery plan should include detailed disaster recovery procedures that clearly define the roles and responsibilities of personnel in re-establishing the computer network, financial applications and financial data. Once developed, the plan should be periodically tested to ensure viability. Findings from the testing should be incorporated as updates to the plan.

Management's Response and Corrective Action Plan

Through the newly acquired back-up system, the City of Bell has taken the first step in ensuring that financial data as well as other computer based information will be recoverable. The City has also purchased a virtual infrastructure system and is in the process of installing it. The virtual infrastructure system will provide redundancy and in case of a disaster. Again, it will be one of the responsibilities of the IT Steering Committee, the Department Head charged with oversight of the City's IT system, and the BrealT staff to implement a comprehensive Disaster Recovery Plan.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BrealT.

13. No documentation for batch processing procedures for payroll

There is no documentation for batch processing procedures of financial information between the City's financial system and the bank for payroll. Batch processing is currently based on the institutional knowledge of those involved.

Recommendation
The process of managing batch jobs to transfer financial information between the City's financial system and the bank for payroll should be reviewed and controls should be implemented to ensure that job scheduling is appropriately controlled and authorized.

Management's Response and Corrective Action Plan
As recommended as one of the highest IT priorities by the BreaIT, the City budgeted funds in FY 12-13 for the purchase of a new financial system. The documentation process will be addressed as part of the Finance system upgrade that is budgeted this year.

Responsible parties for corrective action are Ana Gutierrez- Management Analyst and BreaIT.

Finding 2010-05: Filing of Single Audit Report

Criteria
Pursuant to OMB Circular A-133 Subpart C -Auditees, the City has the responsibility to:

- §_.320 (a) Report submission. "...shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period..."

Condition, Cause and Effect
The City did not submit the Single Audit Reporting Package (the City's audited financial statements and single audit reports) for the year ended June 30, 2010 within nine months after the end of audit period or March 31, 2011. Due to highly publicized problems at the City and turnover in financial management, the City was not able to complete the audit of its annual financial statements and federal award programs for the year ended June 30, 2010 on a timely basis. Failure to submit the required Single Audit Reporting Package timely automatically results in the City not qualifying for low risk auditee status for next year's single audit

Recommendation
We recommend the City develop, document, and implement policies and procedures for timely submission of the Single Audit Reporting Package.

Management's Response and Corrective Action Plan
The two-year period following the Bell scandal of 2010 found the Finance Department unequipped to meet the transactional workload of a viable municipal finance department. Key personnel transitioned from the workforce, staffing was reduced, and much of the Department's attention was directed to meeting the requirements of outside audit and investigation and public records requests. The Department is quite aware of the existing accounting backlog. At this point, however, permanent appointments have been made to the positions of accounting manager and finance director. We are confident that audits through FY 2012 will be complete by the spring of 2013. At the same time, bank reconciliations are now being brought current.

When all audits are complete and all bank reconciliations are current, the Department will establish performance objectives and policy to close monthly books by the 10th day of each month, and to complete bank reconciliations by the 25th of each month. When we reach this point, and we will in FY 2013, the process of annual audit and related tasks will become routine.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager

Finding 2010-06: Noncompliance with Laws, Regulations, Contracts, and Grant Agreements

Criteria

Governmental entities are subject to a variety of laws, regulations, contracts and grant agreements that have a direct and material effect on their financial statements. Accordingly, governmental entities should establish a system of internal control over compliance to ensure compliance with laws, regulations, contracts and grant agreements.

Condition, Cause and Effect

As a result of financial conditions at the City and weaknesses in internal control over compliance, we noted the following instances of noncompliance with bond covenants, budget policy, and other applicable laws and regulations, contracts and grant agreements:

a. The 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note are in default as of November 2010 and October 2010 and continue to be in default because the City has defaulted on the payment of principal and interest. The outstanding principal due on the 2007 Taxable Lease Revenue Bonds and the 2009 Promissory Note were $35 million and $4.4 million, respectively.
b. In accordance with the Series 2004 and 2007 General Obligation Bonds' Official Statements, the bonds are general obligation bonds of the City payable from ad valorem taxes. The City has the power and is obligated to annually cause to be levied ad valorem taxes upon all property within the City for the payment of the bonds principal and interest. Pledged property tax revenue recognized during the fiscal year ended June 30, 2010 was $997,367 against the total debt service payments of $2.7 million. The City was not in compliance with bond requirements because it did not assess property taxes sufficient to pay the principal and interest on the bonds for the current year.
c. The City was not in compliance with reporting provisions of the indentures for all bonds and certificates of participation for the year ended June 30, 2010 because the City's audited financial statements were not issued within 90 to 240 days of the year-end. Additionally, the City was not in compliance with continuing disclosure requirements under SEC 15c2-12.
d. The City's current Investment Policy is in accordance with the California Government Code. However, the Investment Policy has not been updated and approved by City Council since June 30, 2006. The California Government Code requires that the policy be approved by the governing board on an annual basis. Subsequently, the City Council has adopted Resolution No. 2010-18 approving the investment policy for fiscal year July 1, 2010 to June 30, 2011.
e. The City's charter stipulates that actual expenditures may not exceed budgeted appropriations at the department level without City Council approval. The City's actual General Fund expenditures exceeded the General Fund budget appropriations by $6.8 million.
f. The City adopted Resolution No. 2007-42 to increase the tax levy related to the payment of the City's pension obligation from 0.187554% in FY 2006-07 to 0.237554% in FY 2007-08, 0.257554% in FY 2008-09, and 0.277554% in FY 2009-10—an increase of approximately 48% over a three-year period. The increase in tax levy was unallowable under Revenue and Taxation Code Section 96.31(b). Under this section, the City had no authority to levy a property tax rate greater than the rate imposed in FY 1982-83 or FY 1983-84. Subsequently, the City refunded $2,934,144 to the taxpayers in November 2010

g. The City purchased five (5) years of Additional Retirement Service Credits (ARSC) on behalf of the CAO, the ACAO, five (5) council members and four (4) department heads between 2005 and 2009 using City funds with an approximate cost of $1,000,000. CalPERS has made a determination that the purchase of ARSC using City funds for one of the department heads was not lawful under the Public Employee Retirement Law. The determination on the remaining purchases of ASRC is pending.
h. The SCO's audit of the City's Gas Tax Fund for the period of July 1, 2007 through June 30, 2010 identified that the City understated the fund balance in the Gas Tax Fund by $521,086 because of unsupported costs. Subsequently, the City made adjustments and reallocated unsupported costs charged to the City's Gas Tax Fund to the General Fund.
i. The SCO review of the Agency for the period July 1, 2000 through June 30, 2010 identified that the Agency failed to comply with Health and Safety Code requirements in several areas and inappropriately charged Agency funds in the amount of $664,834. This is pending final resolution from the SCO.
j. The Office of Grants and Local Services of the California Department of Parks and Recreation audit issued on April 22, 2011 identified and requested a return of $481,716 in grant funds due to alleged violation of the competitive bidding process and conflict of interest. This is pending final resolution from the Office of Grants and Local Services of the California Department of Parks and Recreation.
k. The SCO's audit of the City's administrative and internal accounting system for the period July 1, 2008 through June 30, 2010 identified that the City improperly increased assessments of the Sanitation and Sewerage Assessment System and business licenses taxes. The SCO estimated the amount of overcharge is $621,737 and $2,105,441 for assessment of the Sanitation and Sewerage Assessment System and business licenses taxes, respectively. This is pending final resolution from the SCO.

Recommendation
We recommend that the City develop, document, and implement policies and procedures to ensure the City's compliance with applicable laws, regulations, contracts and grant agreements. We also recommend that the City's budget process include a mid-year and year-end comparison of budget and actual amounts to allow City Council an opportunity to take any action deemed necessary to ensure compliance with local laws and regulations governing budget appropriations and related expenditures. In addition, we recommend that the City work with the SCO, CalPERS and the Office of Grants and Local Services of the California Department of Parks and Recreation to resolve pending issues.

Management's Response and Corrective Action Plan
The two-year period following the Bell scandal of 2010 found the Finance Department unable and unequipped to meet the transactional workload of a viable municipal finance department. Key personnel transitioned from the workforce, staffing was reduced, and much of the Department's attention was directed to meeting the requirements of outside audit and investigation and public records requests. The City is quite aware of the existing weaknesses and the new permanent management team is committed to work out all of these issues during FY 2013. On parallel track, it is our expectation that audits through FY 2012 will be completed by the spring of 2013.

In February 2012, a Midyear Budget Review was conducted and presented to the City Council. It compared budget versus actual and the recommended amendments to the Budget based on the review were approved by the City Council.

During FY 2013, as all audits are completed, the Department will establish performance objectives, policies and procedures accordingly as recommended to be in compliance with accounting standards, local laws and regulations. When we reach this point, and we will in FY 2013, the process of annual audit and related tasks will become routine. The City will also work with regulatory agencies, such as the SCO, CalPERS, and the Office of Grants and Local Services of the California Department of Parks and Recreation. The positions of accounting manager and finance director were recently appointed; therefore, the City plans to be in compliance by June 2013.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager

Section III – Federal Award Findings and Questioned Costs

Reference Number:	**2010-07**
Federal Program Title:	**Community Development Block Grants - Entitlement Cluster: Community Development Block Grants/Entitlement Grants (CDBG), Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)**
Federal Catalog Number:	**14.218, 14.253**
Federal Agency:	**Department of Housing and Urban Development**
Pass-through Entity:	**Community Development Commission of the County of Los Angeles**
Federal Award Number and Year:	**D96061-09, D96064-09, D96065-09, 600511-09, D96069-09, D99075-09, REC088-09, REC040-09 – 2010**
Category of Finding:	**Allowable Costs/Cost Principles - Lack of Supporting Documents and Expenditures Not Allowable**

Criteria
U.S. Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* (OMB A-87), Appendix B – 2 CFR Part 225, Section 8 (h)

"4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation."

Per OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB A-133) §___.300(b), "Management should maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Condition
Our examination of payroll identified payroll costs that were incorrectly charged to the CDBG and CDBG-R programs. Such costs were not properly supported and/or properly reviewed and approved by a supervisor.

Cause
The employees did not properly allocate hours worked on the CDBG and CDBG-R programs, the Finance Department allocated costs based upon budget for the CDBG and CDBG-R programs rather than actual hours as a basis for allocation.

Effect
Payroll costs charged to the CDBG and CDBG-R programs were not accurate and in accordance with OMB A-87 cost principles.

Questioned Costs
The known questioned costs identified for the CDBG and CDBG-R programs were $7,068 and $3,823, respectively.

Context
We tested forty (40) payroll samples during the year ended June 30, 2010. Out of forty (40) payroll expenditure samples tested, the following issues were noted:

- Sixteen (16) timesheets did not specify which CDBG and CDBG-R programs were specifically charged. As a result, $3,434 charged to the CDBG program and $3,823 charged to the CDBG-R were not supported by timesheets.
- Three (3) timesheet samples were incorrectly charged to the CDBG program by the Finance Department; which resulted in a net understatement of payroll being charged of $256.
- Two (2) timesheet samples were not signed be the employee, with one also not signed by a supervisor.
- One (1) payroll sample did not have a timesheet to support the employee's charges; which represented $3,890 being improperly charged to the CDBG program.

Recommendation
To ensure that the City is in compliance with OMB A-87 and OMB A-133§___.300(b), we recommend that the City develop and implement policies and procedures to ensure that payroll costs charged to the CDBG programs are properly supported by timesheets. In addition, internal controls should be designed and operated to properly review and approve payroll charges to federal award programs.

Management's Response and Corrective Action Plan
The City is aware and has established policies and procedures to ensure that payroll costs charged to the CDBG programs are properly and correctly reported with the required timesheets. The supplemental time sheets used by the City during this audit period were designed to provide the details of staff costs for the various CDBG programs, but created additional paperwork, and resulted in redundancy and consistency issues. In a meeting with the LACDC staff during the 2011-12 program year, all parties agreed that the most effective manner of reporting the hours applied to the CDBG programs was to incorporate these details into a single timesheet for each individual. This process was initiated with the May 7-20, 2012 payroll period. Further, the City has taken steps to ensure that the internal controls for reviewing and approving the payroll charges are appropriate and properly operated.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager
Pamela Wasserman- Community Services Director

Reference Number:	**2010-08**
Federal Program Title:	**Community Development Block Grants – Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants (CDBG)**
Federal Catalog Number:	**14.218**
Federal Agency:	**Department of Housing and Urban Development**
Pass-through Entity:	**Community Development Commission of the County of Los Angeles**
Federal Award Number and Year:	**D96061-09, D96064-09, D96065-09, 600511-09, D96069-09, D99075-09– 2010**
Category of Finding:	**Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Expenditures Not Allowable**

Criteria

OMB A-87, Attachment A – General Principles for Determining Allowable Costs, Paragraph C – Basic Guidelines states:

1) Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
   - (b) Be allocable to Federal awards under the provisions of this Circular
   - (j) Be adequately documented.

OMB A-133 Compliance Supplement, Part 4 Department of Housing and Urban Development (HUD) sets forth HUD program requirements as follows, "The primary objective of the Community Development Block Grants (CDBG)/Entitlement Grants program (large cities and urban counties) (24 CFR part 570 subpart D) is to develop viable urban communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income."

Condition

The City uses CDBG funds for various programs in accordance with purposes specified by 24 CFR part 570 subpart D. Our testing of the non-payroll related expenditures that were charged to the Handyworker program resulted in the discovery of payments made for repairs and/or maintenance of a City-owned vehicle that was not utilized by the Handyworker program. Subsequently, the City remitted $5,141.65 on June 7, 2011 to the grantor, Community Development Commission of the County of Los Angeles, to repay the automotive maintenance costs that were charged in error.

Cause

The errors identified resulted from either lack of knowledge of the program guidelines and/or due to the lack of supervisory review. These improper charges to the program reflect inadequate review to ensure that the only allowable and applicable expenditures are charged to the CDBG program.

Effect

Failure to properly allocate applicable charges to the program may result in submission of unallowable costs and activities causing noncompliance with OMB A-87 Attachment A, paragraph C.1 and with HUD program requirements.

Questioned Costs
The questioned costs were $5,141.65. The City subsequently repaid these costs to Community Development Commission of the County of Los Angeles on June 7, 2011.

Context
We tested sixty (60) disbursements during the fiscal year ended June 30, 2010 totaling $284,655. Out of sixty (60) disbursements selected, we noted two (2) automotive maintenance costs totaling $5,145.65 that were charged in error.

Recommendation
We recommend that the City implement policies and procedures to ensure that the expenditures that are to be charged to the CDBG program be reviewed and approved by Director of the Community Services Department in order to determine the allowability and reasonableness of these expenses in accordance to program guidelines

Management Response and Corrective Action Plan
The City agrees with the finding and has implemented policies and procedures to ensure that the expenditures that are to be charged to the CDBG program be reviewed and approved by Director of the Community Services Department in order to determine the allowability and reasonableness of these expenses in accordance to program guidelines. The positions of accounting manager, finance director, and community services director were recently appointed; therefore, the City plans to be in compliance by June 2013.

Responsible parties for corrective action are:
Josh Betta- Finance Director
Hector Vazquez- Accounting Manager
Pamela Wasserman- Community Services Director

Reference Number:	**2010-09**
Federal Program Title:	**Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded)**
Federal Catalog Number:	**14.253**
Federal Agency:	**Department of Housing and Urban Development**
Pass-through Entity:	**Community Development Commission of the County of Los Angeles**
Federal Award Number and Year:	**REC088-09, REC040-09 – 2010**
Category of Finding:	**Procurement and Suspension and Debarment**

Criteria
Per OMB Circular A-102, *Grants and Cooperative Agreements with State and Local Governments* (OMB A-102), §___.(1)(c)(5)(d), "Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule."

Condition
The City is required to conduct a verification check to ensure that they do not contract with listed parties in violation OMB A-102. Upon review of the procurement files, we noted one of the selected vendors for

Community Development Block Grant ARRA Entitlement Grants (CDBG-R) (Recovery Act Funded) program was not checked against the List of Parties Excluded (EPLS) from Federal Procurement.

Cause
The City has does not have adequate controls to ensure compliance with the Procurement and Suspension and Debarment provisions of OMB A-102 and grant requirements.

Effect
Failure to retain the records of EPLS verification check in procurement files may result in noncompliance with OMB A-102 and the grant requirements.

Questioned Costs
There are no questioned costs.

Context
We tested four (4) procurement files for contracts in place during the fiscal year ended June 30, 2010. One (1) out of four (4) procurement files did not retain a record of a verification check for the List of Parties Excluded (EPLS) from Federal Procurement. However, our review indicated that the vendor was not on the EPLS list. As such, there are no questioned costs.

Recommendation
We recommend that the City enforce established policies and procedures over the retention of procurement records to ensure that procurement procedures are in accordance with OMB A-102 and the grant requirements.

Management Response and Corrective Action Plan
The City currently has written guidelines, policies, and procedures in accordance with 24CFR 85.36. These guidelines generally help ensure compliance with CDBG rules and regulations. As stated in your communication 1 out of 4 files did not have record of an EPLS verification record check on file. Although we strive for 100% compliance, occasionally there is an oversight. To help ensure that all required documents are retained in the file, staff will review its internal controls to ensure mechanisms are in place to achieve compliance with all regulations. The position of community services director was recently appointed; therefore, the City plans to be in compliance by June 2013. Responsible party for corrective action is Pamela Wasserman- Community Services Director.

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CITY OF BELL, CALIFORNIA
Schedule of Prior Audit Findings and Questioned Costs
For the Year Ended June 30, 2010

None

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: **Fiscal Year 2012-2013 Financial Status Report (as of September 30, 2012)**

RECOMMENDATION:

Receive and file.

BACKGROUND:

Section 706 (f) of the City of Bell Charter stipulates that the City Manager's designee responsible for the functions of finance shall "submit to the City Council and City Treasurer through the Chief Administrative Officer a monthly statement of all receipts and disbursements in sufficient detail to show the exact financial condition of the City."

REPORT TIMING:

At September 30th, the City's fiscal year is 25% complete. This means that the financial activities of 3 of the year's 12 months are reflected in this report and its attachments.

LAST MONTH'S SIGNIFICANT OBSERVATIONS:

The below observations, each demarcated by a "check" symbol, are reproduced as first presented in the August 2012 Financial Status Report. Comment on observation status follows each item.

- ✓ The Fiscal Year 2013 Adopted Budget authorizes estimated revenues of $28,287,055 and budgeted expenditures of $$48,393,173. These amounts are reflected in this report and its attachments. The Adopted Budget also authorized $8,179,042 in transfers between funds. Due to staff oversight, the transfers have not yet been recorded in the general ledger of accounts. Expect future reports to properly reflect the transfers.

  This has been corrected in the September 2012 Report.

- ✓ FY 2013 budgeted expenditures recorded in the general ledger of accounts are $249,623 higher than authorized. This is also due to staff oversight. Future reports will reflect accurate amounts.

  This has been corrected in the September 2012 Report.

- ✓ Revenue receipting after the scandal was inconsistent, and this fact creates disparities between fiscal years. The good news in this regard is that because financial audits of

Fiscal Year 2011 and Fiscal Year 2012 have yet to be completed, the recently-appointed permanent staffing to the Finance Department will have ample opportunity to correct posting errors.

Revenue receipting is current in the Finance Department for FY 2013. Work continues on correcting prior years.

- ✓ A General Fund revenue estimation pertaining to vehicle license fees in FY 2013 is overstated by $130,000. At the same time, City staff had neglected to include estimated revenue of $404,000 derived from the VLF/"Triple Flip" sales taxes. The net increase in collections over original estimate is $274,000.

  No action required.

- ✓ Because the City had not submitted its Single Audit Report for FY 2010 to the Los Angeles Community Development Commission (LACDC), the LACDC suspended the City's CDBG programming beginning on October 15th until the Report is completed and in their possession. On Monday, October 29th the completed Single Audit was given to the LACDC. The release from suspension was effective on October 30th. (The Single Audit Report and the City's FY 2010 Annual Financial Report will be presented to the City Council at the November 20th City Council meeting.)

  No action required with LACDC. Annual Financial Report and Single Audit continued to December 5th City Council meeting.

- ✓ BCHA transactions offer a bright spot in our accounting management. The Community Services Department has been consistent with receipting and disbursements. Income from each mobile home park and other rental properties is consistent with the fiscal year and the prior year.

  No action required.

- ✓ Redevelopment dissolution as being dictated by the State of California means, in practice, that by the end of FY 2013 we will be forced to surrender all cash assets from the former Bell Redevelopment Agency.

  No action required.

REVENUE SUMMARY – ALL FUND TYPES:

The Fiscal Year 2013 Adopted Budget possesses estimated revenues and transfers in, inclusive of all City and Successor Agency funds, of $36,466,098.

Revenue Summary -- All Fund Types
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
General Fund	13,710,326	1,731,685	12.6%	67,095	1,664,591
Special Revenue	10,265,867	560,854	5.5%	144,420	416,434
Debt Service	3,262,977	17,797		0	17,797
BCHA	3,992,095	692,155	17.3%	(1,337,762)	2,029,917
Capital Projects	0	0	#DIV/0!	859,125	(859,125)
Internal Service	1,761,226	0	0.0%	(627,241)	627,241
Successor Agency	3,473,607	0	0.0%	0	0
Total All Revenues	**36,466,098**	**3,002,491**	**8.2%**	**(894,364)**	**3,896,855**

The General Fund is estimated to receive 38% of estimated revenue and transfers in collections in FY 2013. Special Revenue funds will receive 28%.

Special Revenue funds, as the name suggests, account for the activities of funding sources that have specific, legal designation. Examples include grants, Proposition A and C transportation funds, the Retirement Fund, the Street Lighting Assessment and Community Development Block Grant (CDBG) funding.

The last Financial Status report offered description of the failure to insert the $8,179,042 in transfers in/transfers out to the General Ledger. This oversight has been corrected in the September report (and its attachments).

The Successor Agency to the Bell Redevelopment Agency exists to guide the activities of redevelopment dissolution and to manage the debt service activities of outstanding CRA bonds.

REVENUE DISCUSSION – THE GENERAL FUND BY ACCOUNTING CATEGORY:

The estimation for General Fund collections and transfers in during FY 2013 is $13,710,326. Of this total, transfers in from other funds make up $1,006,081. Revenue collections and transfers in, per relevant accounting standards, are organized by the categories depicted in the spreadsheet below. Multiple line item accounts make up each category of collection.

The General Fund
Revenue Summary by Category
25% of Fiscal Year Complete

Category	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Taxes	9,455,175	882,312	9.3%	(45,059)	927,372
Licenses & Permits	483,770	35,393	7.3%	(9,301)	44,694
Fines & Forfeitures	690,530	146,870	21.3%	20,565	126,305
Money & Property	876,840	399,677	45.6%	379,729	19,948
Other Agencies	208,700	25,450	12.2%	(121,305)	146,755
Charges for Service	231,010	187,889	81.3%	119,977	67,912
Parks & Recreation	245,000	53,814	22.0%	(18,241)	72,055
Other Revenue & Transfers	1,519,301	280	0.0%	(259,271)	259,551
Total General Fund	**13,710,326**	**1,731,685**	**12.6%**	**67,095**	**1,664,591**
% Revenue Increase/Decrease Over Prior Year				**4.0%**	

It was stated in the August 2012 Financial Status report that revenue receipting had become extremely inconsistent within the Finance Department over the two years following the Bell scandal.

The Department is now current with all receipting activities in this report and its attachments.

While the receipting for FY 2013 is current, receipting in FY 2012 was inconsistent, so comparisons can be difficult to make between years. For example, in the Other Revenue & Transfers category above, transfers in and out were transacted in FY 2012 sometime in July or August, at the beginning of the year, instead of at the end of the year as had become established practice in prior years. This change in practice creates large disparity between FY 2013 and FY 2012.

With regard to disparities unrelated to receipting practices, example exists in the Other Agencies category. Last year, the excess distribution of vehicle license fees was $113,601. This year it is $19,981.

In the Parks & Recreation category, last year revenue was greater owing to $10,709 greater performance in Snack Bar sales and $4,260 greater performance in One Day Excursions.

REVENUE DISCUSSION – THE GENERAL FUND "TOP TEN"

Of the $13,710,326 the General Fund is projected to collect and transfer in during FY 2013, $12,494,616, or 91% of the total will be collected by 10 revenue items. It can be said that if we understand the nature of these "Top Ten" revenue items, we go a long way toward understanding the General Fund.

A discussion of each of the Top Ten follows the spreadsheet below.

The General Fund's
Top 10 Revenue Items
25% of Fiscal Year Complete

Description	Estimated Revenue	Year-To-Date Actual	Actual as %	Increase/ (Decrease) Over Prior Yr	Prior Year
Property Taxes	3,583,195	10,631	0.3%	(514)	11,145
Utility Users Taxes	3,307,000	504,316	15.2%	(24,710)	529,026
Sales Taxes	1,852,000	340,920	18.4%	(42,385)	383,305
Transfers In	1,006,801	0	0.0%	(231,884)	231,884
Rents & Concessions	870,840	399,677	45.9%	379,776	19,901
Franchise Taxes	615,000	25,926	4.2%	25,926	0
Parking Citations	386,580	88,479	22.9%	(7,921)	96,400
Sale of Prop A Funds	350,000	0	0.0%	0	0
Business Licenses	320,900	12,542	3.9%	3,313	9,229
Vehicle Code Fines	202,300	22,435	11.1%	(53)	22,488
Total Leading Categories	**12,494,616**	**1,404,926**	**11.2%**	**101,548**	**1,303,378**
% Revenue Increase/Decrease Over Prior Year				**7.8%**	

Property Taxes -- Property taxes are not received in equal monthly payments during the fiscal year. Property taxes are received in their largest allocations in December and April. The December 20th 40% advance payment is the critical barometer of annual performance. In 1993, the State of California "swapped" vehicle license fees for property taxes. The VLF/Property Tax Swap, valued at $3,000,000 in FY 2013, will be received in equal increments in January and May. Property taxes, inclusive of the "swap," represent 26% of the General Fund's revenue base.

The property tax activity profiled below reflects only the August receipt of the 80% advance of unsecured property taxes.

Property Tax Two-Year Summary
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Property Taxes	3,583,195	10,631	0.3%	(514)	11,145
% Revenue Increase/Decrease Over Prior Year				**-4.6%**	

Utility Users Taxes – At least 24% of the General Fund's revenue collections are derived from the 10% consumption tax on telephone, water, electricity and gas use by residents and businesses. Collections to date trail the prior year by 4.7%.

City of Bell
Utility Users Tax
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
UUT - Telephone	1,180,000	171,523	14.5%	(7,202)	178,725
UUT - Water	570,000	98,875	17.3%	9,006	89,869
UUT - Electric	1,157,000	190,889	16.5%	(16,373)	207,262
UUT - Gas	400,000	43,029	10.8%	(10,141)	53,170
	3,307,000	504,316	15.2%	(24,710)	529,026
% Revenue Increase/Decrease Over Prior Year				**-4.7%**	

Sales Taxes -- The base, Bradley-Burns sales tax, the Public Safety Augmentation sales tax and the VLF/"Triple Flip" payment make up the category of sales taxes. In 1994, when the State of California issued bonds to finance its budgetary deficit, it altered the distribution of sales taxes by substituting the VLF/"Triple Flip" payment. Sales tax proceeds are received each month; the "Triple Flip" is received in equal increments in January and May of each year.

In its assembly of the FY 2013 Budget, staff failed to budget revenue of $404,938 pertaining to the VLF/"Triple Flip." However, this error works to the benefit of the General Fund. We will receive equal increments of $202,469 in January and May of 2013 that we had not planned for.

On a cash basis, sales taxes are performing below the prior year. It remains to be seen, as the fiscal year develops further, whether the increases in economic activity being enjoyed by other municipalities extends itself to our community.

Sales Tax Two-Year Summary (Cash Basis)
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Sales Taxes	1,852,000	340,920	18.4%	(42,385)	383,305
% Revenue Increase/Decrease Over Prior Year				-11.1%	

Transfers In -- The General Fund is receiving a total of $1,006,801 in transfers in during FY 2013. This amount is made up by contributions from other funds: AQMD $14,447; Sanitation $24,019; Sewer $63,121; Lighting/Landscape $33,242; Gas Tax $83,142; Measure R $27,775; Prop C $56,526; Prop A $48,326; Surplus Property Authority $313,812; BCHA $342,401. Beginning in October financial reports will evidence transfers in using monthly (1/12) increments so as to track the fiscal year.

Rents & Concessions -- With the adoption of this year's Annual Budget, this line item expanded from its $130,000 approximate annual collections for various property rentals to include the estimated $739,000 proceeds from the Jones LaSalle America lease agreement. The lease agreement proceeds were formerly receipted with the Surplus Property Authority (SPA). The first lease installment payment of $369,667 has been received this fiscal year, creating a generous disparity with the prior year.

Franchise Taxes – The City collects a 5% franchise fee from the Southern California Water Company, SoCal Edison, SoCal Gas, Time Warner Cable and refuse haulers. Franchise fees are paid once each year (in March or April) by most providers. The collections displayed above pertain to Time Warner cable television. Time Warner pays its franchise fees on a quarterly basis.

Parking Citations – Parking citations are issued by the Police Department, collected and processed by the City with the assistance of service provided the City of Inglewood. Many Southern California cities utilize Inglewood processing services. Collections this year are dipped slightly below last year.

Sale of Proposition A Funds – This revenue item is one-time in nature and was included in the FY 2013 Adopted Budget as a means to bolster General Fund collections. In October the City sold $467,000 in idle Prop A funds to the Palos Verde Transit Authority for $0.75 "on the dollar," rendering $350,000 in proceeds. This transaction is not shown above because the reporting period of this report ends on September 30th.

Business Licenses – The renewal period for the City's business licenses begins on January 1st or each year. Expect the greatest concentration of transactions during the 1st quarter of the calendar year. Our auditors have determined that the "motel business flat tax," a category of collections valued at $10,000, should be classified with business licenses, and have reclassified proceeds from FY 2010 through FY 2012 accordingly. We will receipt these collections with business licenses in FY 2013.

Vehicle Code Fines – Code fines are derived from Police Department enforcement activities. They comprise the "moving violations" and correction notices that uniformed officers initiate. Code fines are processed through the County. Collections Countywide have been on the decline for the last few years, leading some to speculate about the processing practices employed by the County. At least one agency, the City of Glendora, has called for audit of County practices. This said, collections to date in Bell evidence consistency with the same period in FY 2012.

While not included in the Top Ten, revenue collections from development-related activities can offer insight into current and future economic activity within our borders.

Consider the following:

Development-Related Revenue Two-Year Summary
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Building Permits	125,000	10,608	8.5%	(12,827)	23,435
Plan Checks	45,000	105,530	234.5%	88,975	16,555
	170,000	116,138	68.3%	76,148	39,990
% Revenue Increase/Decrease Over Prior Year				**190.4%**	

Plan checks are the first step in brick and mortar development. Building permits are issued after all required approvals for a project are in place. In the above spreadsheet we see evidence of plan checking activity well in excess of expectation for FY 2013. These proceeds are the result of plan checking for the Bandini Project in the northeast corner of the City.

REVENUE DISCUSSION – SPECIAL REVENUE FUNDS:

Revenue Summary – Special Revenue Funds
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
All Special Revenue	10,265,867	560,854	5.5%	144,420	416,434

With only two months of activity in the books, revenue collections are slow to start in the Special Revenue funds. The largest fund in the group, the Retirement Fund, is estimated to collected $3,272,282 (inclusive of transfers in) in FY 2013. In that the Retirement Fund is an ad valorem property tax levy, its collections mirror that of the City's property tax: the largest receipts are taken in December and April.

The second largest producer in this category is the Gas Tax, estimated at $1,589,951 this year. Gas Tax receipts are collected each month. Collections to date far exceed those of last year at this time. This fact may be attributable to improper receipting practices. Correction will llikely be necessary as part of FY 2012 audit work.

Another large component of this category is Community Development Block Grant (CDBG) funds. Collections in FY 2013 are expected to be $927,720. CDBG revenue is triggered on a reimbursement basis. The City must first process expenditures; reimbursement requests are then processed on a monthly or quarterly basis.

Because the City had not submitted its Single Audit Report for FY 2010 to the Los Angeles Community Development Commission (LACDC), the LACDC suspended the City's CDBG programming for two weeks during October until the completed Single Audi was given to the LACDC. The suspension was released on October 29th.

Please see Attachment 2: Revenue Summary Report for detail.

REVENUE DISCUSSION – DEBT SERVICE FUNDS:

Debt Service Funds
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
General Obligation Bonds	3,262,977	17,797	0.5%	17,797	0
% Revenue Increase/Decrease Over Prior Year				**#DIV/0!**	

Income designated for the debt servicing of general obligation bonds issued in 2004 and 2007 is received in this fund. Collections result from a property tax levy, thus the pattern of revenue accumulation matches that of the City's property taxes and the Retirement Fund. Largest collections are made in December and April each year.

A 2003 election authorized the sale of up to $70 million in bonds. In 2004, the City issued $15 million in bonds. In 2007 it issued another $35 million. In July of 2012, a portion of the Series 2007 bonds remained unexpended. The City used the unexpended proceeds to pay the tender price of the tendered bonds, defease other bonds, and pay related costs – thereby reducing the borrowing. At the end of the process, bond principal of $17.9 million remains outstanding. Total debt service costs, inclusive of interest, is $33.7 million. The debt service extends to 2037.

At this writing, the Internal Revenue Service is investigating the use of proceeds resulting from the Series 2004 bonds.

Commencing in FY 2012, the City isolated the financial activities of the General Obligation bonds to a debt service fund. For FY 2013, total estimated income of the fund is $2,150,000. Transfers in from the Capital Projects Fund are $1,112,977. Debt service costs and third-party administration fees total $2,148,405.

The activities pertinent to Series 2007 Bond defeasing and tender are discussed in the Capital Projects section of this report.

Please see Attachment 2: Revenue Summary Report for detail.

REVENUE DISCUSSION – BELL COMMUNITY HOUSING AUTHORITY (BCHA):

Revenue Summary -- Bell Community Housing Authority (BCHA)
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Bell MHP	954,000	239,746	25.1%	(15,133)	254,879
Florence MHP	1,140,000	294,422	25.8%	(4,423)	298,845
Rental Properties	599,400	157,987	26.4%	847,079	(689,092)
BCHA Debt Service	1,298,695	0		(850,191)	850,191
Total BCHA	3,992,095	692,155	17.3%	(22,668)	714,823

BCHA transactions offer a bright spot in our accounting management. They also suggest that the Community Services Department's management of the properties has been steady. Income from each mobile home park and other rental properties is consistent with the fiscal year – collections from mobile home parks and rental properties are slightly above 25% at the 25% point in the year.

The inconsistency in Rental Properties with the prior year is explained by the fact that a $850,191 transfer out was made to BCHA Debt Service last year at this time. The transfer in is displayed above in the BCHA Debt Service line item.

The City had, before the current fiscal year, budgeted both transfers in and transfers out using revenue accounts in all funds. While this is not an incorrect accounting practice per se, it is impractical and confusing (as illustrated above) to use a revenue account to record a transfer out expense item. In FY 2013 transfers in are being recorded within revenue classifications; transfers out are being recorded within expense classifications.

Please see Attachment 2: Revenue Summary Report for detail.

REVENUE DISCUSSION: CAPITAL PROJECTS FUND:

Capital Projects Fund Two-Year Summary
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Capital Projects Fund	0	0	#DIV/0!	859,125	(859,125)
% Revenue Increase/Decrease Over Prior Year				**-100.0%**	

The City is using the Capital Projects Fund to account for the General Obligation Bonds Series 2007 defeasance and tender in FY 2013. Last year at this time, the revenue account was used to record transfer out of $859,125 to the General Fund for the debt servicing activities pertaining to the GO Bonds. This transfer was later moved to the Debt Service Fund to support GO Bond debt service.

The defeasance and tender activity is an expense of the Capital Projects Fund in FY 2013.

Please see Attachment 2: Revenue Summary Report for detail.

REVENUE DISCUSSION – INTERNAL SERVICE FUNDS:

Revenue Summary -- Internal Service Funds
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
Workers' Comp & Liability	1,761,226	0	0.0%	(627,241)	627,241
Total Internal Services	**1,761,226**	**0**	**0.0%**	**(627,241)**	**627,241**

Internal service funds account for the business-type activities of the internal City organization. The funding source for each is generally created through imposition of "user" charges to operating funds (transfers between funds, in effect) to meet a specialized need.

The Adopted FY 2013 authorized the transfer in of $1,761,226 from the General Fund. What this means in practical terms is that the Workers' Compensation and Liability Fund is almost completely dependent upon the General Fund for the support of the City's risk management programming. This places the General Fund in a vulnerable position if expenses, claims, settlements increase in magnitude.

Please see Attachment 2: Revenue Summary Report for detail.

REVENUE DISCUSSION – THE BELL SUCCESSOR AGENCY:

Revenue Summary -- Bell Successor Agency
25% of Fiscal Year Complete

Description	Estimated Revenue	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
				-	
CRA Capital Projects	439,624	0	0.0%	0	0
CRA Debt Service	2,486,380	0	0.0%	0	0
CRA Low/Mod	0	0	#DIV/0!	0	0
CRA Debt Service	547,603	0	0.0%	0	0
Total Successor Agency	**3,473,607**	**0**	**0.0%**	**0**	**0**

The Successor Agency (SA) was created to manage the redevelopment dissolution process. In FY 2013, after two external audits designed to measure the available assets of the former Redevelopment Agency, the Successor Agency will be forced to turn over any and all idle cash of the former Redevelopment Agency to the County of Los Angeles. After this process is completed, the Successor Agency will receive a Finding of Completion from the State Department of Finance (DOF).

This elaborate process unveils the true intentions of redevelopment dissolution: the State of California will, by the end of FY 2013, have taken all cash assets from the former Bell Redevelopment Agency.

In the meantime, income estimated in FY 2013 is that represented in the SA's Recognized Obligation Payment Schedule (ROPS) as approved by the Bell Oversight Board. The $3.5 million reflected above is the bare minimum necessary to service Redevelopment Agency debt, pay certain related contractual obligations, and, if available, pay SA administrative costs. The remittance date for payment of ROPS obligations is January 2, 2013.

Please see Attachment 2: Revenue Summary Report for detail.

EXPENDITURE DISCUSSION – ALL FUNDS:

Expenditure Summary -- All Fund Types
25% of Fiscal Year Complete

Description	Adopted Budget	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
General Fund	13,685,477	2,227,541	16.3%	(1,392,979)	3,620,520
Special Revenue	11,099,153	1,576,298	14.2%	330,410	1,245,888
Debt Service	3,305,591	3,865,893	117.0%	2,381,417	1,484,476
BCHA	4,344,031	131,337	3.0%	9,179	122,158
Capital Projects	19,005,277	18,110,213	95.3%	18,109,293	920
Internal Service	1,877,401	1,080,717	57.6%	453,476	627,241
Successor Agency	3,255,266	2,038,042	62.6%	2,037,932	110
Total All Fund Types	**56,572,196**	**29,030,041**	**51.3%**	**21,928,728**	**7,101,313**

Discussion was offered last month concerning two operational problems that influenced the quality of expenditure information. The first was inaccurate additional postings to expenditure accounts in the amount of $249,623. The second was late and incomplete expenditure recording.

Both problem areas have been corrected in this report.

General Fund – See detailed discussion of General Fund below.

Special Revenue Funds – A total of 16 distinct funds make up this group. Spending in the current year is well below budget but slightly ahead of the prior year. The largest difference is the sale of Proposition A funds in the amount of $467,000 this year. This amount was exchanged with the Palos Verdes Transit Authority for $350,000 in General Funds.

Debt Service Funds – Debt service payments have been made this year on the General Obligation Bonds from the Debt Service Fund and on the Pension Obligation Bonds from the Public Financing Authority. Debt Service Fund 89 makes debt service payments on outstanding General Obligation Bonds. The PFA makes debt service payments on the 2005 Pension Obligation Bonds (POBs) and the 1998 Certificates of Participation (COPs). The payment displayed in FY 2012 was for the POBs. Payment toward GO Bonds is not displayed as yet in FY 2012. This missing item may have been later recorded on the expense ledger.

BCHA – Expenditures over the two-year period have remained roughly consistent. Large portions of the BCHA budget have yet to incur expense. Maintenance and construction budgets for the mobile home parks total $939,700, with expenditure activity of only $1,470. And BCHA debt service payments that are budgeted at $1,298,695 are not yet due.

Internal Service – In FY 2013, $660,000 settlement payments were authorized and paid against liability claims pertaining to the Police Department. The settlement costs create considerable variance with the prior year.

Successor Agency – In July the Successor Agency was forced to remit $481,714 to the County of Los Angeles. This "clawback" was designed to recover tax increment paid in December 2011 and January 2012 that the County and the State Department of Finance determined was in excess of the Successor Agency's requirements under the Recognized Obligation Payments Schedules. Also, the Successor Agency has made debt service payments of $1,468,034 this year. Last year at this time the Successor Agency did not yet exist; it was created on February 1, 2012.

Please see Attachment 3: Expenditure Summary Report for detail.

EXPENDITURES DISCUSSION – THE GENERAL FUND

The General Fund -- Expenditure Summary by Service Area
25% of Fiscal Year Complete

Category	Adopted Budget	YTD Actual	%	Increase/ (Decrease) Over Prior Yr	Prior Year Actual
City Council	208,181	10,031	4.8%	(2,635)	12,666
City Manager	434,223	93,757	21.6%	(47,016)	140,773
City Attorney	300,000	0	0.0%	(22,061)	22,061
City Clerk	181,545	13,780	7.6%	9,691	4,089
Finance Department	752,641	143,841	19.1%	63,933	79,908
Non-Department	1,564,500	420,819	26.9%	(1,348,552)	1,769,371
Community Services	1,272,219	226,418	17.8%	(35,484)	261,902
Police	5,420,573	1,163,652	21.5%	(70,477)	1,234,129
Community Development	926,738	155,243	16.8%	59,622	95,621
Transfers Out	2,624,857	0	0.0%	0	0
Total General Fund	**13,685,477**	**2,227,541**	**16.3%**	**(1,392,979)**	**3,620,520**
% Increase/Decrease Over Prior Year				**-38.5%**	

Expenditures to date in FY 2013 are well within budget. Expenditures to date are also considerably below the same period in FY 2012.

Variances of note include:

City Manager -- This category reflects activity in the City Manager's Office and, in FY 2012, the activity formerly known as Administration Support. Personnel costs in the Administration Support activity have now been allocated in largest part to the Finance Department. Expect variance throughout the year as a result.

City Attorney – The lack of payments reflects the fact that payments can trail the billing period by up to two months. We are working out coordination improvements with Aleshire & Wynder as well as speedier payment processing internally.

Finance Department – The Finance Department absorbed the majority of the Administration Support activity from the City Manager's activity beginning in FY 2013, so personnel costs increased. Also, the Department now possesses greater budget for part-time staffing as a means to meet the backlog of work created after the scandal.

Non-Department – In FY 2012, payments totaling $1,552,384 pertaining to the General Obligation Bonds were posted to this General Fund activity. The budget for 2013 payments, as indicated above, is located in Fund 89, the Debt Service Fund. We will be working with our auditors during FY 2012 audit fieldwork to determine the appropriate place to locate this expenditure.

Community Services – In the prior year, spending for Youth Activities exceeded the current year by $35,301.

Community Development – The Department's Economic Development activity is a new component of the Department in FY 2013. Expenses of $38,761 are evident year to date. Park Maintenance spending outdistances the prior year by $12,518.

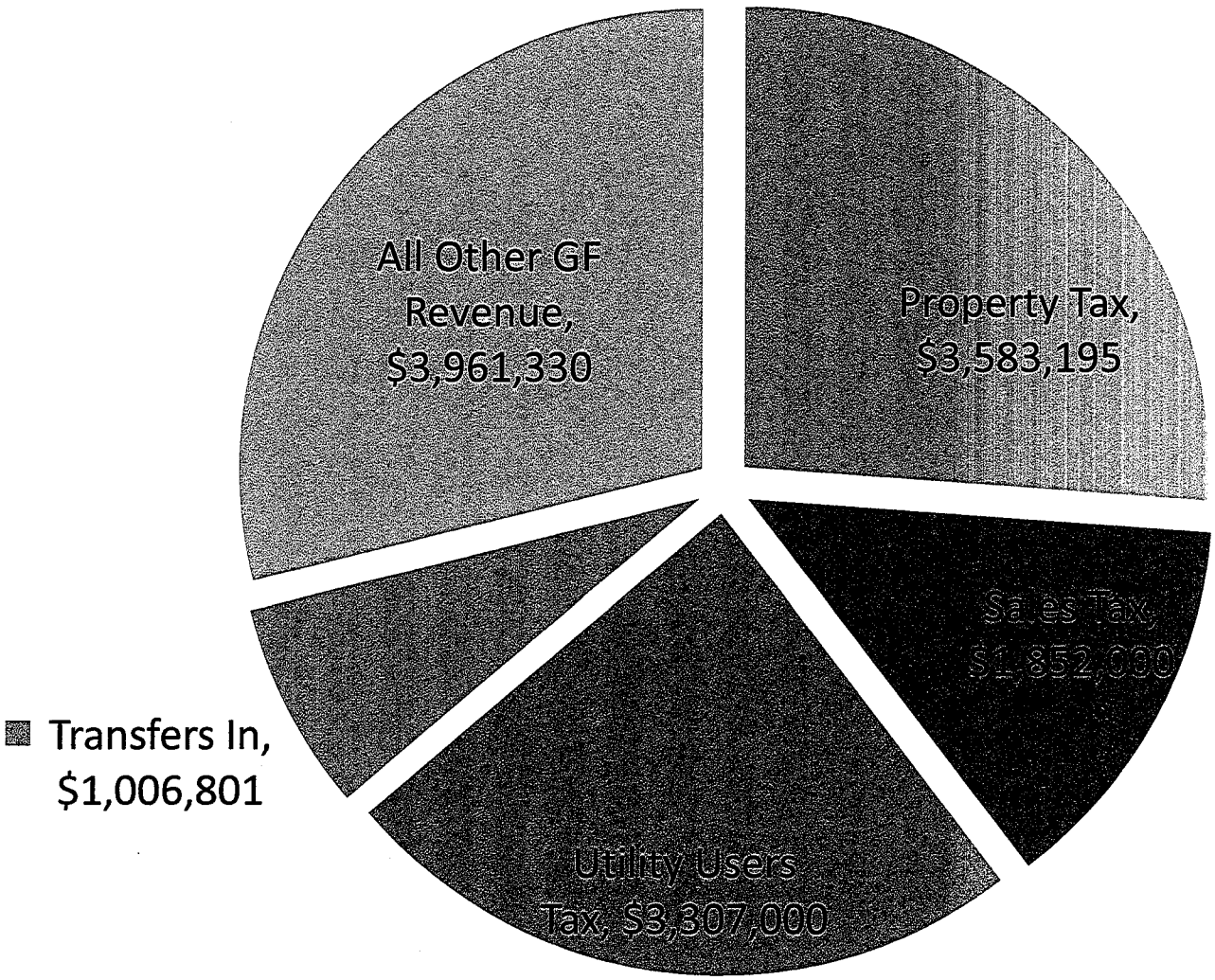
Please see Attachment 3: Expenditure Summary Report for detail.

ATTACHMENTS

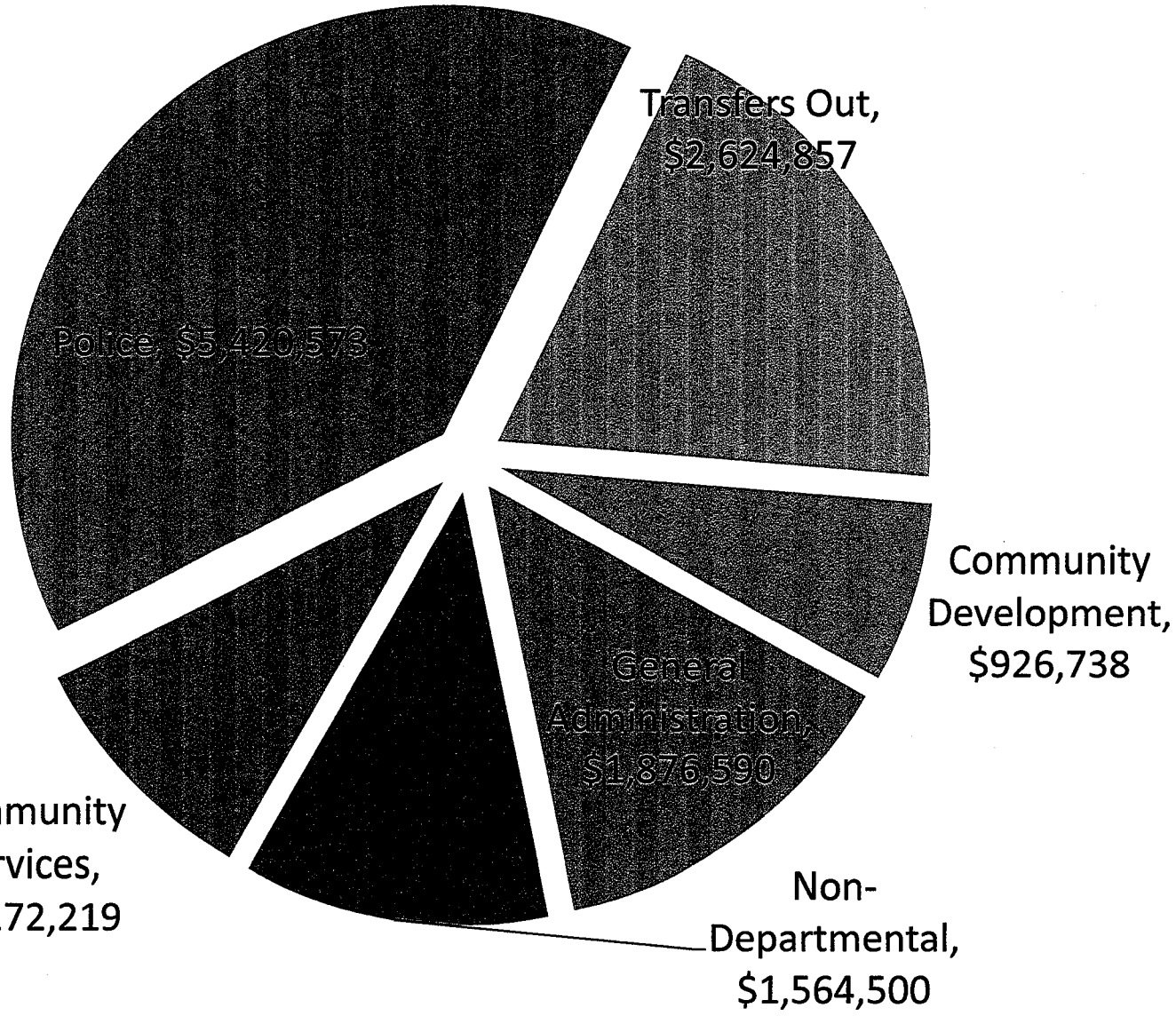
Attachment 1: General Fund Revenue and Expenditure Pie Charts
Attachment 2: Revenue Summary Report at September 30, 2012
Attachment 3: Expenditure Summary Report at September 30, 2012

Attachment 1: General Fund Revenue and Expenditure Pie Charts

General Fund Revenue



General Fund Expenditures



Attachment 2: Revenue Summary Report

Revenue Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
The General Fund						
Taxes						
Property Tax	583,195	10,631	1.8%	11,145	(514)	-4.6%
VLF/Prop Tax "Swap"	3,000,000	-	0.0%	-	-	#DIV/0!
Public Safety Augment (Cash)	34,000	6,920	20.4%	8,505	(1,585)	-18.6%
Sales Tax (Cash Basis)	1,818,000	334,000	18.4%	374,800	(40,800)	-10.9%
Sales Tax "Triple Flip"	-	-	#DIV/0!	-	-	#DIV/0!
Franchise Taxes	615,000	25,926	4.2%	-	25,926	#DIV/0!
Utility Users Tax	3,307,000	504,316	15.2%	529,026	(24,710)	-4.7%
Motel Business Tax	10,000	-	0.0%	-	-	#DIV/0!
Apartment Unit Business Tax	46,980	519	1.1%	1,218	(699)	-57.4%
Property Transfer Taxes	41,000	-	0.0%	2,678	(2,678)	-100.0%
Total Taxes	9,455,175	882,312	9.3%	927,372	(45,059)	-4.9%
Licenses & Permits						
Business Licenses	320,900	12,542	3.9%	9,229	3,313	35.9%
Building Permits	125,000	10,608	8.5%	23,435	(12,827)	-54.7%
All Other Licenses & Permits	37,870	12,243	32.3%	12,030	214	1.8%
Total Licenses & Permits	483,770	35,393	7.3%	44,694	(9,301)	-20.8%
Fines & Forfeitures						
Parking Citations	386,580	88,479	22.9%	96,400	(7,921)	-8.2%
Prop 69 - DNA ID	1,650	930	56.4%	-	930	#DIV/0!
Vehicle Code Fines	202,300	22,435	11.1%	22,488	(53)	-0.2%
Parking Bail	100,000	35,026	35.0%	7,417	27,609	372.2%
Total Fines & Forfeitures	690,530	146,870	21.3%	126,305	20,565	16.3%
Money & Property						
Interest Income	6,000	-	0.0%	47	(47)	-100.0%
Rents & Concessions	870,840	399,677	45.9%	19,901	379,776	1908.3%
Total Money & Property	876,840	399,677	45.6%	19,948	379,729	1903.6%
Revenue From Other Agencies						
Motor Veh In-Lieu	150,000	19,983	13.3%	113,601	(93,618)	-82.4%
POST	35,000	4,375		612		
Other Intergovernmental	23,700	1,092	4.6%	32,542	(31,450)	-96.6%
Total From Other Agencies	208,700	25,450	12.2%	146,755	(121,305)	-82.7%

Revenue Summary Report
at September 30, 2012
25% of Fiscal Year Complete

Charges for Current Service						
Plan Checks	45,000	105,530	234.5%	16,555	88,975	537.5%
Street Inspections	25,000	23,931	95.7%	8,513	15,418	181.1%
ARB Fees	20,000	3,348	16.7%	4,576	(1,228)	-26.8%
Unlicensed Driver Release	50,000	23,100	46.2%	13,722	9,378	68.3%
Towing Commission	13,000	3,115	24.0%	2,054	1,061	51.7%
Stored Vehicles	30,000	19,500	65.0%	9,400	10,100	107.4%
DUI Cost Recovery	10,000	4,800	48.0%	1,600	3,200	200.0%
All Other Current Charges	38,010	4,565	12.0%	11,492	(6,927)	-60.3%
Total Current Services	231,010	187,889	81.3%	67,912	119,977	176.7%
Parks & Recreation						
Park Pavilion Rental	18,000	4,070	22.6%	4,535	(465)	-10.3%
Community Center Rental	35,000	7,334	21.0%	6,690	644	9.6%
Class Fees	63,000	21,083	33.5%	24,787	(3,704)	-14.9%
Sports	15,000	200	1.3%	-	200	#DIV/0!
Soccer League	45,000	1,870	4.2%	1,750	120	6.9%
Snack Bar	60,000	18,176	30.3%	28,885	(10,709)	-37.1%
All Other P&R	9,000	1,081	12.0%	5,408	(4,327)	-80.0%
Total Parks & Recreation	245,000	53,814	22.0%	72,055	(18,241)	-25.3%
Other Revenue/Transfers						
Sale of CDBG Funds	150,000	-	0.0%	-	-	#DIV/0!
Sale of Prop A Funds	350,000	-	0.0%	-	-	#DIV/0!
Transfer In - AQMD (03)	14,447	-	0.0%	859,125	(859,125)	-100.0%
Transfer In - Sanitation (08)	24,019	-	0.0%	-	-	#DIV/0!
Transfer In - Sewer (09)	63,121	-	0.0%	-	-	#DIV/0!
Transfer In - Light/Land (45)	33,242	-	0.0%	-	-	#DIV/0!
Transfer In - Gas Tax (04)	83,142	-	0.0%	-	-	#DIV/0!
Transfer In - Measure R (67)	27,775	-	0.0%	-	-	#DIV/0!
Transfer In - Prop C (68)	56,526	-	0.0%	-	-	#DIV/0!
Transfer In - Prop A (70)	48,326	-	0.0%	-	-	#DIV/0!
Transfer In - Surp Prop (19)	313,802	-	0.0%	-	-	#DIV/0!
Transfer In - BCHA (90)	218,741	-	0.0%	-	-	#DIV/0!
Transfer In - BCHA Pybck (90)	123,660	-	0.0%	-	-	#DIV/0!
Transfer In / (Out) Liability	-	-	#DIV/0!	(627,241)	627,241	-100.0%
All Other Rev/Trans	12,500	280	2.2%	27,667	(27,387)	-99.0%
Total Other / Transfers	1,519,301	280	0.0%	259,551	(259,271)	-99.9%
Total General Fund	**13,710,326**	**1,731,685**	**12.6%**	**1,664,591**	**67,095**	**4.0%**

Revenue Summary Report
at September 30, 2012
25% of Fiscal Year Complete

Special Revenue Funds						
Air Quality Improvement	45,100	11,017	24.4%	23	10,994	47800.0%
Gas Tax	1,589,951	211,537	13.3%	69,383	142,154	204.9%
Retirement	3,272,282	50,999	1.6%	-	50,999	#DIV/0!
Refuse Fund	390,000	17,959	4.6%	178	17,781	9989.3%
Sewer Maintenance	352,115	3,094	0.9%	75	3,019	4025.3%
Recycling	-	4,294	#DIV/0!	72	4,222	5863.9%
TDA Bikeways	19,125	-	0.0%	-	-	#DIV/0!
Public Financing Authority	1,157,186	-	0.0%	-	-	#DIV/0!
Surplus Property Authority	-	-	#DIV/0!	-	-	#DIV/0!
CDBG	927,720	-	0.0%	-	-	#DIV/0!
Grants						
Oil Recycling	10,000	-	0.0%	-	-	#DIV/0!
Beverage Container Recycling	10,000	-	0.0%	-	-	#DIV/0!
Litter Reduction	122,400	-	0.0%	-	-	#DIV/0!
Federal HPP	427,000	-	0.0%	-	-	#DIV/0!
ARRA CDBG	-	14,920	#DIV/0!	-	14,920	#DIV/0!
Street Lighting	473,000	4,327	0.9%	77	4,250	5519.5%
Measure R	330,000	56,747	17.2%	84,963	(28,216)	-33.2%
Prop C Transportation	440,000	78,091	17.7%	114,090	(35,999)	-31.6%
Prop A Transportation	584,340	103,307	17.7%	146,222	(42,915)	-29.3%
Asset Forfeiture	-	4,561	#DIV/0!	1,317	3,244	246.3%
COPS Grant	100,000	-	0.0%	31	(31)	-100.0%
Justice Assistance Grant	15,648	-	0.0%	3	(3)	-100.0%
Total Special Revenue Funds	**10,265,867**	**560,854**	**5.5%**	**416,434**	**144,420**	**34.7%**
Debt Service Funds						
Debt Service	3,262,977	17,797	0.5%	-	17,797	#DIV/0!
Total Debt Service Funds	**3,262,977**	**17,797**	**0.5%**	**-**	**17,797**	**#DIV/0!**
Bell Community Housing Authority						
BCHA Operating						
Bell MHP	954,000	239,746	25.1%	254,879	(15,133)	-5.9%
Florence MHP	1,140,000	294,422	25.8%	298,845	(4,423)	-1.5%
Rental Properties	599,400	157,987	26.4%	(689,092)	847,079	-122.9%
BCHA Debt Service	1,298,695	-	0.0%	850,191	(850,191)	-100.0%
Total BCHA	**3,992,095**	**692,155**	**17.3%**	**714,823**	**(22,668)**	**-3.2%**
Capital Projects Funds						
Capital Projects	-	-	#DIV/0!	(859,125)	859,125	-100.0%
Total Capital Projects	**-**	**-**	**#DIV/0!**	**(859,125)**	**859,125**	**-100.0%**

Revenue Summary Report
at September 30, 2012
25% of Fiscal Year Complete

Internal Service Funds						
Workers' Comp & Liability	1,761,226	-	0.0%	627,241	(627,241)	-100.0%
Total Internal Service	**1,761,226**	**-**	**0.0%**	**627,241**	**(627,241)**	**-100.0%**
Bell Successor Agency						
CRA Capital Projects	439,624	-	0.0%	-	-	#DIV/0!
CRA Debt Service	2,486,380	-	0.0%	-	-	#DIV/0!
CRA Low/Mod	-	-	#DIV/0!	-	-	#DIV/0!
CRA Debt Service	547,603	-	0.0%	-	-	#DIV/0!
Total Successor Agency	**3,473,607**	**-**	**0.0%**	**-**	**-**	**#DIV/0!**
Grand Total All Revenue	**36,466,098**	**3,002,491**	**8.2%**	**2,563,964**	**438,527**	

Attachment 3: Expenditure Summary Report

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
THE GENERAL FUND (01)						
City Council	208,181	10,031	4.8%	12,666	(2,635)	-20.8%
City Manager	363,541	69,152	19.0%	27,703	41,449	149.6%
Administration Support	-	8,062		93,527	(85,465)	-91.4%
Personnel	70,682	16,543	23.4%	19,543	(3,000)	-15.4%
City Attorney	300,000	-	0.0%	22,061	(22,061)	-100.0%
City Clerk	181,545	13,780	7.6%	4,089	9,691	237.0%
Finance Department	752,641	143,841	19.1%	79,908	63,933	80.0%
Non-Departmental	1,564,500	420,819	26.9%	1,769,371	(1,348,552)	-76.2%
Community Services Department						
Youth & Team Sports Activities	827,119	146,528	17.7%	181,829	(35,301)	-19.4%
Social Service Programs	403,957	60,444	15.0%	63,082	(2,638)	-4.2%
Skate Park	23,829	5,257	22.1%	5,644	(387)	-6.9%
Technology Center	17,314	14,189	82.0%	527	13,662	2592.4%
Park Maintenance *	-	-	#DIV/0!	10,820	(10,820)	-100.0%
Police Department						
Patrol	2,846,974	623,166	21.9%	664,950	(41,784)	-6.3%
Detectives	593,410	137,663	23.2%	116,838	20,825	17.8%
Communications	501,187	146,951	29.3%	117,191	29,760	25.4%
Records	299,002	54,507	18.2%	58,206	(3,699)	-6.4%
Traffic	140,115	28,105	20.1%	30,436	(2,331)	-7.7%
Administration	305,886	55,528	18.2%	132,581	(77,053)	-58.1%
Jail *	317,545	53,654	16.9%	49,628	4,026	8.1%
Training *	92,799	22,686	24.4%	15,323	7,363	48.1%
Parking Enforcement	323,655	41,392	12.8%	48,976	(7,584)	-15.5%
Community Development Department						
Planning	122,669	25,752	21.0%	19,778	5,974	30.2%
Planning Commission	-	-	#DIV/0!	3,232	(3,232)	-100.0%
Economic Development	54,318	38,761	71.4%	-	38,761	#DIV/0!
Code Enforcement	183,140	33,442	18.3%	24,198	9,244	38.2%
Building & Safety *	130,375	19,851	15.2%	19,037	814	4.3%
Engineering	106,423	2,069	1.9%	11,926	(9,857)	-82.7%
Park Maintenance	329,813	29,968	9.1%	17,450	12,518	71.7%
Public Works	-	5,400	#DIV/0!	-	5,400	#DIV/0!
Transfers Out						
Transfer Out - Retirement (06)	854,931	-	0.0%	-	-	#DIV/0!
Transfer Out - PFA (18)	8,700	-	0.0%	-	-	#DIV/0!
Transfer Out - Risk Mgmt (85)	1,761,226	-	0.0%	-	-	#DIV/0!
Total General Fund	**13,685,477**	**2,227,541**	**16.3%**	**3,620,520**	**(1,392,979)**	**-38.5%**

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
SPECIAL REVENUE FUNDS						
AIR QUALITY FUND (03)						
Operations	2,600	-	0.0%	2,600	(2,600)	-100.0%
Alt Fuel Vehicles	120,000	-	0.0%	-	-	#DIV/0!
Technology Improvements	50,000	-	0.0%	-	-	#DIV/0!
Transfer Out - General Fund (01)	14,447	-	0.0%	-	-	#DIV/0!
Total AQMD	187,047	-	0.0%	2,600	(2,600)	-100.0%
GAS TAX FUND (04)						
Personnel	57,520	7,757	13.5%	-	7,757	#DIV/0!
Operations	407,000	116,306	28.6%	74,641	41,665	55.8%
Capital Projects	619,000	1,905	0.3%	8,877	(6,972)	-78.5%
Transfer Out - General Fund (01)	83,142	-	0.0%	-	-	#DIV/0!
Transfer Out - PFA (18)	209,759	-	0.0%	-	-	#DIV/0!
Total Gas Tax	1,376,421	125,968	9.2%	83,518	42,450	50.8%
RETIREMENT FUND (06)						
Police Personnel Services	1,260,330	253,290	20.1%	235,842	17,448	7.4%
Police Operations	4,000	-	0.0%	-	-	#DIV/0!
Miscellaneous Personnel Services	1,052,910	210,025	19.9%	205,655	4,370	2.1%
Transfer Out - PFA (18)	938,727	-	0.0%	-	-	#DIV/0!
Total Retirement	3,255,967	463,315	14.2%	441,497	21,818	4.9%
REFUSE FUND (08)						
Personnel Services	46,770	2,974	6.4%	3,742	(768)	-20.5%
Operations	240,360	48,299	20.1%	207,344	(159,045)	-76.7%
Transfer Out - General Fund (01)	24,019	-	0.0%	-	-	#DIV/0!
Total Refuse	311,149	51,273	16.5%	211,086	(159,813)	-75.7%
SEWER FUND (09)						
Personnel Services	14,080	830	5.9%	75	755	1006.7%
Operations	316,800	12,343	3.9%	6,700	5,643	84.2%
Capital Construction	423,270	-	0.0%	-	-	#DIV/0!
Transfer Out - General Fund (01)	63,121	-	0.0%	-	-	#DIV/0!
Total Sewer	817,271	13,173	1.6%	6,775	6,398	94.4%
RECYCLING FUND (10)						
Operations	-	220	#DIV/0!	32,917	(32,697)	-99.3%
Total Recycling	-	220	#DIV/0!	32,917	(32,697)	-99.3%
SURPLUS PROPERTY AUTHORITY (19)						
Operations	-	-	#DIV/0!	-	-	#DIV/0!
Transfer Out - General Fund (01)	313,802	-	0.0%	-		#DIV/0!

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

	This Year			Last Year	This Year vs. Last Year	
		YTD		YTD	$	%
Fund & Description	**Budget**	**Actual**	**%**	**Actual**	**Variance**	**Variance**
Total SPA	313,802	-	0.0%	-	-	#DIV/0!

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
CDBG (30)						
Asbestos Abatement	240,000	-	0.0%	-	-	#DIV/0!
Housing Rehabilitation	290,825	6,775	2.3%	2,026	4,749	234.4%
Administration	-	37	#DIV/0!	-	37	#DIV/0!
Graffiti Removal	70,085	8,459	12.1%	-	8,459	#DIV/0!
Lead-Based Paint Abatement *	41,470	800	1.9%	-	800	#DIV/0!
Bell Sports Complex *	-	-	#DIV/0!	-	-	#DIV/0!
Code Enforcement	158,235	23,165	14.6%	29,279	(6,114)	-20.9%
Handyman Program	127,105	19,027	15.0%	20,740	(1,713)	-8.3%
Total CDBG	927,720	58,263	6.3%	52,045	6,218	11.9%
GRANTS FUND (32)						
Oil Recycling	10,000	-	0.0%	-	-	#DIV/0!
Health & Wellness Center Grant	-	-	#DIV/0!	1,066	(1,066)	-100.0%
Beverage Container	10,000	7,823	78.2%	7,823	-	0.0%
Bulletproof Vests	-	1,763	#DIV/0!	2,940	(1,177)	-40.0%
STPL Florence Overlay	-	193,857	#DIV/0!	243,980	(50,123)	-20.5%
Federal HPP Grant	427,000	-	0.0%	-	-	#DIV/0!
Total Grants	447,000	203,443	45.5%	255,809	(52,366)	-20.5%
STREET LIGHTING (45)						
Personnel Services	14,080	-	0.0%	-	-	#DIV/0!
Operations *	383,100	50,982	13.3%	36,294	14,688	40.5%
Capital Projects	286,000	-	0.0%	-	-	#DIV/0!
Transfer Out - General Fund (01)	33,242	-	0.0%	-	-	#DIV/0!
Total Street Lighting	716,422	50,982	7.1%	36,294	-	0.0%
MEASURE R (67)						
Personnel Services	7,847	1,443	18.4%	-	1,443	#DIV/0!
Capital Projects	324,000	-	0.0%	-	-	#DIV/0!
Transfer Out - General Fund (01)	27,775	-	0.0%	-	-	#DIV/0!
Total Measure R	359,622	1,443	0.4%	-	1,443	#DIV/0!
PROP C TRANSPORTATION (68)						
Personnel Services	7,350	1,444	19.6%	-	1,444	#DIV/0!
Operations	75,000	32,569	43.4%	14,497	18,072	124.7%
Capital Projects	593,000	7,187	1.2%	17,845	(10,658)	-59.7%
Transfer Out - General Fund (01)	56,526	-	0.0%	-	-	#DIV/0!
Total Prop C	731,876	41,200	5.6%	32,342	8,858	27.4%

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
PROP A TRANSPORTATION (70)						
Personnel Services	20,288	2,261	11.1%	-	2,261	#DIV/0!
Operations	467,000	468,200	100.3%	-	468,200	#DIV/0!
Dial-A-Ride	388,500	84,685	21.8%	81,789	2,896	3.5%
Recreational Transit	25,000	-	0.0%	-	-	#DIV/0!
Bus Shelter Maintenance	78,000	2,099	2.7%	4,000	(1,901)	-47.5%
Bus Pass Subsidy	65,600	6,575	10.0%	3,916	2,659	67.9%
Transfer Out - General Fund (01)	48,326					
Total Prop A	1,092,714	563,820	51.6%	89,705	474,115	528.5%
ASSET FORFEITURE (71)						
Special Operations	-	1,765	0.0%	-	1,765	#DIV/0!
DARE Program	-	3,193		438	2,755	629.0%
Police Reserves	89,866	-		-	-	#DIV/0!
Police Explorers	13,880	-		-	-	#DIV/0!
Capital Outlay	130,000	-	0.0%	-	-	#DIV/0!
Total Asset Forfeiture	233,746	3,193	1.4%	438	2,755	629.0%
COPS GRANT (72)						
Capital Outlay	311,500	5	0.0%	-	5	#DIV/0!
Special Enforcement *	1,248	-	0.0%	-	-	#DIV/0!
Total COPS	312,748	5	0.0%	-	5	#DIV/0!
JUSTICE ASSISTANCE GRANT (74)						
Radio System Upgrade	15,648	-	0.0%	862	(862)	-100.0%
Total JAG	15,648	-	0.0%	862	(862)	-100.0%
TOTAL SPECIAL REVENUE FUNDS	11,099,153	1,576,298	14.2%	1,245,888	330,410	26.5%
DEBT SERVICE FUNDS						
DEBT SERVICE FUND (89)						
Interest	1,463,305	1,771,504	121.1%	-	1,771,504	#DIV/0!
Principal	685,100	530,000	77.4%	-	530,000	#DIV/0!
Service Fees	-	35,000	#DIV/0!	-	35,000	#DIV/0!
Total Debt Service	2,148,405	2,336,504	108.8%	-	565,000	#DIV/0!
PUBLIC FINANCING AUTHORITY (18)						
Debt Service	1,157,186	1,529,389	132.2%	1,484,476	44,913	3.0%
Total PFA	1,157,186	1,529,389	132.2%	1,484,476	44,913	3.0%
TOTAL DEBT SERVICE FUNDS	3,305,591	3,865,893	117.0%	1,484,476	2,381,417	160.4%

Expenditure Summary Report

at September 30, 2012

25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
BELL COMMUNITY HOUSING AUTHORITY						
BELL COMMUNITY HOUSING AUTHORITY (90)						
Administration	276,540	23,047	8.3%	17,660	5,387	30.5%
Bell MHP	375,900	48,121	12.8%	35,948	12,173	33.9%
Florence Village MHP	563,800	46,988	8.3%	62,940	(15,952)	-25.3%
Affordable Community Housing	188,000	13,181	7.0%	5,610	7,571	135.0%
Transfer Out - General Fund (01)	218,741	-	0.0%	-	-	#DIV/0!
Transfer Out - General Fund (01)	123,660	-	0.0%	-	-	#DIV/0!
Transfer Out - BCHA DS (92)	1,298,695	-	0.0%	-	-	#DIV/0!
Total BCHA	3,045,336	131,337	4.3%	122,158	9,179	7.5%
BCHA DEBT SERVICE (92)						
Interest	886,495	-	0.0%	-	-	#DIV/0!
Service Fees	2,200	-	0.0%	-	-	#DIV/0!
Principal	410,000	-	0.0%	-	-	#DIV/0!
Total BCHA Debt Service	1,298,695	-	0.0%	-	-	#DIV/0!
TOTAL BCHA	4,344,031	131,337	3.0%	122,158	9,179	7.5%
CAPITAL PROJECTS FUND						
CAPITAL PROJECTS (50)						
Operations	-	-	#DIV/0!	920	(920)	-100.0%
2007 GOB Defeasance	17,892,300	18,110,213	101.2%	-	18,110,213	#DIV/0!
Transfer Out - Debt Service (89)	1,112,977	-	0.0%	-	-	#DIV/0!
Total Capital Projects	19,005,277	18,110,213	95.3%	920	18,109,293	1968401.4%
TOTAL CAPITAL PROJECTS	19,005,277	18,110,213	95.3%	920	18,109,293	1968401.4%

Expenditure Summary Report
at September 30, 2012
25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
INTERNAL SERVICE FUND						
RISK MANAGEMENT (85)						
General Management (Personnel)	29,901	5,798	19.4%	-	5,798	#DIV/0!
Subtotal Personnel Srvcs	29,901	5,798	19.4%	-	5,798	#DIV/0!
Liability Program						
Safety Liability Insurance	250,000	255,070	102.0%	178,810	76,260	42.6%
Safety Professional Srvcs	15,000	1,740	11.6%	1,860	(120)	-6.5%
Safety Legal Srvcs	100,000	-	0.0%	-	-	#DIV/0!
Safety Insurance Settlement	-	660,000	#DIV/0!	100,000	560,000	560.0%
Insurance Settlement Other	100,000	-	0.0%	-	-	#DIV/0!
Misc Liaibility Insurance	130,000	137,137	105.5%	115,539	21,598	18.7%
Misc Professional Srvcs	15,000	15,843	105.6%	-	15,843	#DIV/0!
Misc Legal Srvcs	420,000	5,129	1.2%	-	5,129	#DIV/0!
Misc Settlement	25,000	-	0.0%	-	-	#DIV/0!
Insurance Settlement Other	200,000	-	0.0%	-	-	#DIV/0!
Subtotal Liability Program	1,255,000	1,074,919	85.7%	396,209	678,710	171.3%
Workers' Comp Program						
Safety WC Insurance	51,000	-	0.0%	-	-	#DIV/0!
Safety Professional Srvcs	120,000	-	0.0%	30,412	(30,412)	-100.0%
Safety Medical	100,000	-	0.0%	81,699	(81,699)	-100.0%
Safety Legal Srvcs	65,000	-	0.0%	13,167	(13,167)	-100.0%
Safety Settlement Other	150,000	-	0.0%	91,113	(91,113)	-100.0%
Misc WC Insurance	38,500	-	0.0%	-	-	#DIV/0!
Misc Professional Srvcs	23,000	-	0.0%	3,892	(3,892)	-100.0%
Misc Medical	20,000	-	0.0%	1,540	(1,540)	-100.0%
Misc Legal	22,000	-	0.0%	8,669	(8,669)	-100.0%
Misc Settlement	3,000	-	0.0%	540	(540)	-100.0%
Subtotal Workers' Comp Program	592,500	-	0.0%	231,032	(231,032)	-100.0%
Total Risk Management	1,877,401	1,080,717	57.6%	627,241	453,476	72.3%
TOTAL INTERNAL SERVICE	1,877,401	1,080,717	57.6%	627,241	453,476	72.3%
SUCCESSOR AGENCY						
SUCCESSOR AGENCY ADMINISTRATION (20)						
Personnel Services	15,695	2,889	18.4%	-	2,889	#DIV/0!
Operations	234,325	13,025	5.6%	110	12,915	11740.9%
Total CRA Admin	250,020	15,914	6.4%	110	15,804	14367.3%
SUCCESSOR AGENCY DEBT SERVICE (21)						
Operations	-	72,380	#DIV/0!	-	72,380	#DIV/0!
Transfer Out - SA Admin (20)	439,624	-	0.0%	-	-	#DIV/0!
Transfer Out - Debt Service (23)	124,923	-	0.0%	-	-	#DIV/0!
Total CRA Debt Service	564,547	72,380	12.8%	-	72,380	#DIV/0!

Expenditure Summary Report
at September 30, 2012
25% of Fiscal Year Complete

Fund & Description	This Year Budget	This Year YTD Actual	This Year %	Last Year YTD Actual	This Year vs. Last Year $ Variance	This Year vs. Last Year % Variance
SUCCESSOR AGENCY LOW/MOD FUND (22)						
Operations	-	481,714	#DIV/0!	-	481,714	#DIV/0!
Transfer Out - Debt Service (23)	422,680	-	0.0%	-	-	#DIV/0!
Total HOME Fund	422,680	481,714	114.0%	-	481,714	#DIV/0!
SUCCESSOR AGENCY DEBT SERVICE (23)						
Debt Service	2,018,019	1,468,034	73%	-	1,468,034	#DIV/0!
Total CRA Debt Service	2,018,019	1,468,034	72.7%	-	1,468,034	#DIV/0!
TOTAL SUCCESSOR AGENCY	3,255,266	2,038,042	62.6%	110	2,037,932	1852665.5%
GRAND TOTAL EXPENDITURE	**56,572,196**	**29,030,041**	**51.3%**	**7,101,313**	**21,928,728**	**308.8%**

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: **Utility Users Tax Five-Year Forecast Reduction Scenarios**

RECOMMENDATION:

Receive and file.

BACKGROUND:

The City Council considered a background report on the City's utility users tax (UUT) on October 17th of this year. This report and its attachments offer five-year fiscal forecasts of the UUT as a component of the General Fund employing reductions to the UUT of 1%, 3% and 5%.

The forecasts are intended as a policy planning tool, offering insight into the budgetary effect that a lowered levy creates. Toward this end, the information that results from lowered UUT levy scenarios does not suggest expenditure budget reductions that a lowered levy might require.

FORECAST ASSMPTIONS:

The fiscal forecasts are premised upon the 2012-2013 Adopted General Fund Budget, with the audited reserve beginning balance of $1,176,714.

Revenues are assumed to increase by 2% each year.

Expenditures are assumed to increase by 1.5% each year.

Transfers In and Transfers Out are held constant at FY 2013 amounts.

Election expenses of $200,000 have been added or subtracted from expenditures for election and non-election years.

Legal fees for City Attorney services are held constant at FY 2013 amount: $300,000.

FORECAST RESULTS:

Status Quo Scenario – Continuation of the 10% levy will increases the General Fund reserve position from $1,176,714 to $1,807,339 over five years.

1% Reduction Scenario – A 9% UUT levy will result in General Fund deficits in FY 2014, FY 2015 and FY 2017, and cumulatively reduce reserves from $1,176714 to $487,339 after five years.

3% Reduction Scenario -- A 7% UUT levy will result in General Fund deficits averaging $799,000 each year and reduce reserves to ($2,152,661) after five years.

5% Reduction Scenario -- A 5% UUT levy will result in General Fund deficits averaging $1,459,000 each year and reduce reserves to ($4,792,661) after five years.

ATTACHMENTS

General Fund Five-Year Forecast Summaries

General Fund Five-Year Forecast Summary
Status Quo: Utilty Users Tax of 10%

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Beginning Reserves	1,176,714	1,043,563	1,196,507	1,240,451	1,575,395
Revenues	12,703,525	12,958,000	13,217,000	13,481,000	13,751,000
Transfers In	1,006,801	1,006,801	1,006,801	1,006,801	1,006,801
Utility Users Tax Reduction	-	-	-	-	-
Total Revenue & Transfers In	13,710,326	13,964,801	14,223,801	14,487,801	14,757,801
Expenditures	11,218,620	11,187,000	11,555,000	11,528,000	11,901,000
Transfers Out	2,624,857	2,624,857	2,624,857	2,624,857	2,624,857
Total Expenditures & Transfers Out	13,843,477	13,811,857	14,179,857	14,152,857	14,525,857
Revenues Over / (Under) Expenditures	(133,151)	152,944	43,944	334,944	231,944
Ending Reserves	1,043,563	1,196,507	1,240,451	1,575,395	1,807,339
Reserves as % of Expenditures	8%	9%	9%	11%	12%

General Fund Fiscal Forecast Summary
Assume Utility Users Tax of 9% -- A 1% Reduction

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Beginning Reserves	1,176,714	1,043,563	866,507	580,451	585,395
Revenues	12,703,525	12,958,000	13,217,000	13,481,000	13,751,000
Transfers In	1,006,801	1,006,801	1,006,801	1,006,801	1,006,801
Utility Users Tax Reduction	-	**(330,000)**	**(330,000)**	**(330,000)**	**(330,000)**
Total Revenue & Transfers In	13,710,326	13,634,801	13,893,801	14,157,801	14,427,801
Expenditures	11,218,620	11,187,000	11,555,000	11,528,000	11,901,000
Transfers Out	2,624,857	2,624,857	2,624,857	2,624,857	2,624,857
Total Expenditures & Transfers Out	13,843,477	13,811,857	14,179,857	14,152,857	14,525,857
Revenues Over / (Under) Expenditures	(133,151)	(177,056)	(286,056)	4,944	(98,056)
Ending Reserves	1,043,563	866,507	580,451	585,395	487,339
Reserves as % of Expenditures	8%	6%	4%	4%	3%

General Fund Fiscal Forecast Summary
Assume Utility Users Tax of 7% -- A 3% Reduction

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Beginning Reserves	1,176,714	1,043,563	206,507	(739,549)	(1,394,605)
Revenues	12,703,525	12,958,000	13,217,000	13,481,000	13,751,000
Transfers In	1,006,801	1,006,801	1,006,801	1,006,801	1,006,801
Utility Users Tax Reduction	-	**(990,000)**	**(990,000)**	**(990,000)**	**(990,000)**
Total Revenue & Transfers In	13,710,326	12,974,801	13,233,801	13,497,801	13,767,801
Expenditures	11,218,620	11,187,000	11,555,000	11,528,000	11,901,000
Transfers Out	2,624,857	2,624,857	2,624,857	2,624,857	2,624,857
Total Expenditures & Transfers Out	13,843,477	13,811,857	14,179,857	14,152,857	14,525,857
Revenues Over / (Under) Expenditures	(133,151)	(837,056)	(946,056)	(655,056)	(758,056)
Ending Reserves	1,043,563	206,507	(739,549)	(1,394,605)	(2,152,661)
Reserves as % of Expenditures	8%	1%	-5%	-10%	-15%

General Fund Fiscal Forecast Summary
Assume Utility Users Tax of 5% -- A 5% Reduction

	Fiscal Year 2012-2013	Fiscal Year 2013-2014	Fiscal Year 2014-2015	Fiscal Year 2015-2016	Fiscal Year 2016-2017
Beginning Reserves	1,176,714	1,043,563	(453,493)	(2,059,549)	(3,374,605)
Revenues	12,703,525	12,958,000	13,217,000	13,481,000	13,751,000
Transfers In	1,006,801	1,006,801	1,006,801	1,006,801	1,006,801
Utility Users Tax Reduction	**-**	**(1,650,000)**	**(1,650,000)**	**(1,650,000)**	**(1,650,000)**
Total Revenue & Transfers In	13,710,326	12,314,801	12,573,801	12,837,801	13,107,801
Expenditures	11,218,620	11,187,000	11,555,000	11,528,000	11,901,000
Transfers Out	2,624,857	2,624,857	2,624,857	2,624,857	2,624,857
Total Expenditures & Transfers Out	13,843,477	13,811,857	14,179,857	14,152,857	14,525,857
Revenues Over / (Under) Expenditures	(133,151)	(1,497,056)	(1,606,056)	(1,315,056)	(1,418,056)
Ending Reserves	1,043,563	(453,493)	(2,059,549)	(3,374,605)	(4,792,661)
Reserves as % of Expenditures	8%	-3%	-15%	-24%	-33%

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: _____
Doug Willmore, City Manager

SUBJECT: Ordinance No. 1192: Municipal Code Amendment – An Ordinance of Amending Chapter 3.12 of the Bell Municipal Code Establishing a New Purchasing System

RECOMMENDATION:

It is recommended that the City Council read by title only, waive further reading, and introduce Ordinance No. 1192 amending Chapter 3.12 of the Bell Municipal Code in its entirety and adding a new Chapter 3.12 entitled "Purchasing;" and place the Ordinance on the next regular City Council meeting agenda for adoption.

BACKGROUND:

The Bell scandal led to financial and operational audits by the State Controller, the State Department of Corporations, and the Internal Revenue Service. The investigations revealed significant shortcomings with many municipal contracts and contracting procedures. Apart from the blatant criminal actions of the Rizzo administration, audits revealed a variety of internal control weaknesses, including: work performed without written contracts; contracts not authorized by the City Council; a lack of file documentation verifying performance of work or payments according to contract requirements; and failure to follow the stipulations of state and federal grants.

DISCUSSION:

The City of Bell's current purchasing ordinance is not unlike many purchasing ordinances still being used in California cities. Most were put into place many years ago, however, and have failed to stay current with evolving contracting needs and changing environments. Such is the case with the Bell purchasing ordinance.

The City Attorney has developed the attached Ordinance with an eye toward improving internal control procedures in every aspect of contractual procurement and contract management. The scope of the Ordinance is such that it spans 16 pages in length. The current purchasing ordinance, in contrast, 3 ½ pages.

The proposed Ordinance places great emphasis on the creation and maintenance of proper and appropriate contract file documentation and open communication between all parties to the process.

Significant elements of the Ordinance include:

- Purchases in amounts equal to or greater than $25,000 are subject to competitive bidding requirements and City Council approval;
- Budget verification is required in advance of bid solicitation;
- Bid solicitations for items not included in an adopted budget shall require City Council advance approval;
- Purchasing files shall contain a written summary of the basis on which the award is made;
- Contractors must submit appropriate documentation regarding the adequacy of their accounting systems in cases where the City agrees to reimburse costs;
- Sole source procurement processes specified in detail;
- Emergency purchases processes specified in detail;
- Professional services requiring a high degree of technical or individual skill exempted from competitive bidding;
- Local business preference of 5%; and
- Thorough elaboration of requirements of Public Contract Code for public works projects.

ATTACHMENTS

Ordinance No. 1192 – An Ordinance of the City Council of the City of Bell, California, Amending Chapter 3.12 of the Bell Municipal Code Establishing a New Purchasing System

ORDINANCE NO.1192

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, AMENDING CHAPTER 3.12 OF THE BELL MUNICIPAL CODE ESTABLISHING A NEW PURCHASING SYSTEM

WHEREAS, the Bell Municipal Code has not had a major review and update in ten years;

WHEREAS, in the last two years the City has been beset by major scandals which have led to significant audits by the State Controller, the State Department of Corporations, and the Internal Revenue Service;

WHEREAS, these investigations have revealed significant shortcomings with many municipal contracts including work performed without written contracts, contracts not properly authorized by the awarding authority, a lack of documentation verifying performance of work or payment in accordance with contract requirements, failure to follow requirements of state and federal grants, and other maters;

WHEREAS, some of these issues arise from deficiencies in the City's ordinances, some from the failure to prepare written contracts, and some from the failure to adequately manage contracts;

WHEREAS, a review of the city's purchasing ordinance has shown the ordinance to be outdated and inadequate for current contracting needs;

WHEREAS, for purposes of transparency, adopting a new ordinance following public review will allow a community dialogue concerning the procedures for bidding and award of contracts;

WHEREAS, this Purchasing Ordinance allows the Chief Administrative Officer to award contracts for less than $25,000 without Council approval but through a public bidding process, and contracts for less than $10,000 through informal bids; but competitive bids are not required (i) where there is only once source of supply for the materials or services, (ii) where it is an emergency purchase, (iii) where it is a cooperative purchase with another agency who did award a contract through competitive bids, or (iv) similar situations; but where competitive bids are not used the City shall use competitive proposals.

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

SECTION 1: ADOPTION OF PURCHASING ORDINANCE. That Title 3 of the Bell Municipal Code is hereby amended by replacing Chapter 3.12 in its entirety and adding a new Chapter 3.12 entitled "Purchasing" said chapter 3.12 to read as follows:

3.12.010 Adoption of Purchasing System.

The procurement system contained in this Chapter is adopted in order to establish an efficient, equitable and uniform procedure for the purchase of materials, supplies, equipment, and services at the lowest possible cost commensurate with the quality needed, to exercise financial control over purchases, and to clearly define authority for procurement functions. All City procurement shall comply with applicable provisions of the City Charter, this Code and all relevant provisions of law, and shall be only used to acquire materials, supplies, equipment and services for which the City Council has appropriated funds. The provisions of this Chapter apply to all procurement of any nature including as follows: materials, supplies, equipment, labor, public works projects, and services, including professional services.

3.12.020 Authority of Purchasing Officer.

A. The Chief Administrative Officer or his or her designee shall serve as the Purchasing Officer for the City. Except as otherwise provided, the Purchasing Officer shall serve as the principal public purchasing official for the City, and shall be responsible for the purchase of materials, supplies, equipment, and services, in accordance with this Code, and for the authority to properly administer and manage contracts, and for the disposal of materials, supplies, and equipment. The Purchasing Officer shall use his or her best efforts to secure the acquisition of materials, supplies, equipment, and services in the manner that is the most advantageous to the City and to the public. The legal form of specifications, formal and informal purchase contracts, warranties, bid and performance security, and similar matters shall be approved by the City Attorney. Consistent with this Code, and with the approval of the Chief Administrative Officer, the Purchasing Officer may adopt operational procedures relating to the execution of his or her duties. The Purchasing Officer shall also prepare a local recruitment program, compliance with which shall be required as a standard provision in City contracts.

B. All purchases are conditioned upon specifications being met. All specifications shall be drafted so as to promote overall economy for the purposes intended and to encourage competition in satisfying the City's needs. This policy applies to all specifications, including those prepared for the City by non-City employees. The Purchasing Officer or designee may inspect supplies, equipment, materials, and review services to determine if they meet specifications and may require any inspection or test as necessary. Costs of testing will be charged to the department initiating the procurement.

C. The Purchasing Officer is authorized to sell and dispose of City property no longer of use in a manner providing maximum return to the City and in accordance with Section 3.12.140. The subject matter, manner, and timing of such sales shall be subject to the approval of the Chief Administrative Officer. Expenses of sale shall be a proper charge against the income therefrom. The disposition of unclaimed property is subject to Chapter 2.80 of this Code.

3.12.030 Authorization to Execute Documents.

All documents may be executed by the Chief Administrative Officer whenever such authorization is granted in a resolution, motion, or minute order adopted by the City Council. All

contracts under twenty-five thousand dollars ($25,000) maybe approved and executed by the Chief Administrative Officer and attested by the City Clerk and do not require Council approval. Contracts equal to or over $25,000 shall be approved by the City Council.

3.12.040 Unauthorized Purchases and Contracts.

It shall be unlawful for any officer, employee, or agent of the City to order the purchase of materials, supplies or equipment, or to contract for services or contract for the performance of Public Works projects, as defined in Public Contract Code §§ 1101 and 20161, or otherwise make any contract in violation of this Code. Any invoice or requisition for payment not supported by a written contract shall be deemed a False Claim pursuant. All contracts shall be in a form approved by the City Attorney or deputy, except as specified in 3.12.080(A)(2). Any order, purchase, or contract made contrary to the provisions of this Code is voidable by the City and the City shall not be obligated thereunder unless the City Council ratifies the action in response to an allegation that an order, purchase, or contract was made contrary to the provisions of this Code. Conversely, the inadvertent or intentional failure of the City to comply with any requirement of this Chapter shall not, in itself, constitute grounds for any order, purchase, or contract executed by the City Council, the Chief Administrative Officer, to be voided without action by the City Council or contrary to a determination made by the City Council.

3.12.050 Specialized Contracting Procedures.

A. Nothing in this Code shall prohibit the City from using specialized contracting procedures when authorized by State law. If State law authorizes such procedures, they need not also be specifically authorized by this Code, but may be adopted by resolution of the City Council. Such specialized procedures may include, without limitation, prequalification of general contractors or subcontractors and design/build contracting procedures.

B. Notwithstanding any other provision of this Code, for any contract totally or partially funded by the State or Federal Government, all applicable State and Federal laws shall be followed, including, but not limited to, applicable procurement standards and contracting procedures. Contractors must also comply with all standard provisions contained in State and Federal contracts establishing the source of State and Federal funds for work being performed by the contractor.

3.12.060 Bidding Procedures for Purchases of Materials, Supplies, Equipment and Services, Except Professional Services.

Except as otherwise provided in this Chapter, all contracts of the City for the purchase of materials, supplies, equipment, or services of an aggregate annual value equal to or exceeding $25,000.00 shall be awarded after compliance with the sealed bid procedures contained in this Section. "Materials, supplies, equipment, and services" include all personal property and services, except professional services, procured by the City.

A. Evasion of Provisions of Chapter Prohibited. Orders for materials, supplies, equipment, or services shall not be split into smaller orders or projects, artificially aggregated into larger orders or projects, or willfully mischaracterized or misclassified for purposes of evading the provisions of this Chapter.

B. Budget verification. Prior to bid solicitation, the Purchasing Officer shall confirm that appropriate funds are available for the requested purchase.

C. Invitations to Bid. Invitations to bid shall be issued by the Purchasing Officer and shall include a general description of the product or service required, the place, date, and time of bid opening, and adequately detailed specifications and contract terms as applicable to the purchase. Invitations to bid shall be disseminated to at least three (3) prospective bidders approved by the Purchasing Officer and shall be posted at City Hall and other public posting locations, including the City's website, as determined by the Purchasing Officer. Notices shall include a general description of the articles for which bids are being sought, and the time, date and location for submitting and opening of the bids and identify the bid official who can answer any questions the bidders may have concerning the bid. Any invitation to bid, request for proposal, and other solicitation may be cancelled in whole or in part when there is good cause therefore or when in the judgment of the awarding authority cancellation is in the City's best interests.

D. Security. Security requirements shall be set forth in the solicitation. Bid bonds, performance bonds, payment bonds or other security may be required as the Purchasing Officer and department directors deem prudent to protect the City's interests. When the law permits, there may be allowed, in lieu of bonds or securities, a cash deposit, an irrevocable letter of credit, a negotiable time certificate or time certificate of deposit issued by a savings bank, a savings and loan investment certificate, or other form of security acceptable to the City's Finance Director and City Attorney, provided that the City is the assignee or beneficiary of the security, and the security conforms to provisions required by the City Attorney. Bonds or other security shall not be used as substitutes for determination of a bidder's or offeror's responsibility.

E. Interpretation of Bid Specification. Oral interpretation of written bid specifications shall not be made to prospective bidders. If the prospective bidder discovers discrepancies or omissions in any specification, or if the bidder is in doubt as to the meaning of any specification, the bidder shall request a written interpretation or modification from the City. If interpretations or modifications are deemed necessary, the City will then issue a written addendum to all parties known to have received copies of the specifications.

F. Bid Submittal and Bid Opening. Sealed bids shall be submitted to the City Clerk and shall be opened publicly by the Purchasing Officer or his or her designee in the presence of one or more witnesses at the time and place designated in the invitation to bid. No bid shall be considered which has not been received at the place, and at or prior to the time, stated in the invitation for bids. No bid shall be considered which is transmitted by electronic facsimile, unless specifically authorized in the bid. The amount of each bid, the name of each bidder, and such other relevant information as the Purchasing Officer deems relevant shall be announced and recorded. If no bids are received, procurement may proceed without further compliance with

competitive bidding requirements. After the opening of a sealed or formal bid/proposal, and after the City has identified the awardee, a "Notice of Intent to Award" will be sent to all actual bidders by mail, email, or fax at the option of the City, and all applicable response periods will begin on the date the notice was sent identifying the awardee and including at least the following text: "Protests must comply with the requirements of Bell Municipal Code Sections 3.12.140 et seq., and be submitted no later than five business days after the date of this notice."

G. Bid Acceptance and Bid Evaluation. Bids shall be evaluated on the requirements set forth in the invitation to bid, and no such criterion shall be used unless set forth in the invitation to bid or in this Chapter. Evaluation criteria may include criteria to determine acceptability, including but not limited to inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Criteria that will affect the bid price and be considered in evaluation of a bid shall be objectively measurable if possible, such as discounts, transportation costs, and total or life cycle costs.

H. Correction or Withdrawal of Bids. Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted in the sole discretion of the Purchasing Officer when he or she deems appropriate. Mistakes may be corrected or withdrawn by written notice received prior to bid opening. Not more than three days after bid opening, corrections to a bid may be accepted only when a bidder shows by clear and convincing evidence that a mistake was made which made the bid materially different from what was intended and that the mistake was made in completing bid documents rather than arising from an error in judgment, or carelessness in site inspection or reading plans and specifications. After bid opening, no changes in bid price or other bid component prejudicial to the City's interest or to fair competition shall be permitted.

I. Award to Lowest Responsive and Responsible Bidder. Unless bids are rejected as provided in this Chapter, all contracts of the City for the purchase of materials, supplies, equipment, and services of a value equal to or exceeding $25,000, except for contracts entered pursuant to requests for proposals and exempted purchases, shall be awarded to the lowest responsible and responsive bidder. "Lowest responsible and responsive bidder" means the bidder who submits the lowest monetary bid that responds to the terms upon which bids were requested, and who has demonstrated the attribute of trustworthiness, as well as quality, fitness, capacity, and experience to satisfactorily perform the contract. To the extent permitted by law, criteria for determining whether a bidder is responsible include, without limitation, all of the following:

1. The conformity of the supplies, materials, equipment, or services to the required specifications;

2. The ability, capacity, and skill of the bidder to provide the supplies, materials, equipment, or services as required;

3. The ability of the bidder to provide the required items or services within the time specified;

4. The character, integrity, reputation, judgment, experience, efficiency, financial resources, and financial responsibility of the bidder;

5. The ability of the bidder to promptly provide future maintenance, repair, parts, and service after purchase;

6. The bidder's prior record of performance on other procurements or projects, including timely completion of performance, quality of products and work provided, and completion of projects within the bid amount submitted and project budget;

7. The bidder's involvement in prior or current litigation or contract disputes that could impair satisfactory performance of the contract to be awarded; and

8. The bidder's history of noncompliance with occupational safety and health requirements, labor statutes and regulations, and other local, State, and Federal laws.

The purchasing file shall contain a written summary of the basis on which the award is made. If a bidder is rejected because of an adverse determination of that bidder's capability of performing the contract, a written determination of irresponsibility, setting forth the basis of the finding, shall be prepared by the Procurement Officer or his or her designee. The unreasonable failure of a bidder promptly to supply information in connection with an inquiry regarding responsibility may be grounds for a determination of irresponsibility. Prompt written notice shall be sent to the bidder of the evidence reflecting upon the bidder's responsibility that has been either received from others or adduced from independent investigation. The bidder shall be afforded an opportunity to rebut such adverse evidence and to present evidence of qualification. After consideration of the evidence and the rebuttal evidence, the Procurement Officer shall make a final determination of the lowest bidder's responsibility and promptly so notify the bidder in writing. A bidder aggrieved by any such determination may protest as provided in Section 3.12.140 of this Chapter.

J. Equal Bids. If prices quoted or received in two sealed bids are equal, then the Chief Administrative Officer or the City Council may choose whichever of the following options it deems to serve the best interest of the City:

1. Select one bid, giving preference to a business located within the City of Bell; or
2. Reject all bids and re-solicit for bids; or
3. Reject all bids and authorize negotiation of an agreement between the City and one of the equivalent bidders;
4. Select one bid, giving preference to the business which is the most experienced; or
5. Select one bid by a method of chance.

K. Vendor Preferences. Except for procurements made with Federal or State funds, or in cooperation with another public entity, the City's ultimate receipt of sales tax shall be considered in determining the lowest price. The City Council may provide incentives, from time to time, for vendors supplying recycled products. Local vendor preferences are further governed by Section 3.12.100.

L. Rejection or Waiver of Bid Requirements.

1. The awarding authority may reject any and all bids presented and may re-solicit for bids in its discretion.

2. The awarding authority may waive any irregularities or informalities in any bid or bidding.

3.12.070 Required Accounting Standards.

Contractors must submit appropriate documentation prior to the award of contracts in which the City agrees to reimburse costs, confirming that:

1. The proposed contractor's accounting system will permit timely development of all necessary cost data in the form required by the specific contract type contemplated; and

2. The proposed contractor's accounting system is adequate to allocate costs in accordance with generally accepted accounting principles; and

3. The proposed contractor's accounting system is adequate to allocate costs in accordance with all requirements of local, State and Federal funding sources for the contract.

3.12.080 Exceptions to Bidding Requirements.

A. Informal Purchases. Any contract for a purchase of less than $25,000.00 shall be let in accordance with the procedures established in this Section. Contract requirements shall not be artificially divided so as to constitute separate purchases under this Section.

1. Purchases of $10,000 to $25,000. So far as practical, for any purchase costing of $10,000.00 or more and less than $25,000.00, at least three vendors shall be solicited to submit price quotations by use of sealed bidding methods, electronic facsimile, or electronic mail. Award shall be made to the responsive and responsible vendor who offers the lowest acceptable quotation that best meets the needs of the City. The names of vendors submitting quotations, their respective local addresses and principal places of business, and the date and amount of each quotation shall be recorded and maintained as a public record.

2. Purchases under $10,000.00. The Purchasing Officer shall adopt operational procedures for making small purchases of less than $10,000.00. The operational procedures shall require the preparation and maintenance of written records adequate to

document the procurement, properly account for the funds expended, and facilitate an audit of the small purchase made.

B. Sole Source Procurement.

1. Sole Source Purchases of $10,000.00 and More. A contract for a purchase may be awarded without competition when the Purchasing Officer determines in writing, after conducting a good faith review of available sources, that there is only one source for the required materials, supplies, equipment, or services. The Purchasing Officer shall conduct appropriate negotiations as to price, delivery, and other terms. A record of sole source procurements shall be maintained as a public record and shall list each vendor's name, local address and principal place of business, the amount and type of each contract, the item(s) procured under each contract, and the identification number of the procurement, if any. Contracts for purchases let pursuant to this subsection shall be awarded and executed in accordance with Section 3.12.060(I) of this Chapter.

2. Sole Source Purchases Under $10,000.00. Purchases under $10,000.00 shall be made in accordance with Subsection (A)(2) of this Section and do not require justification for sole source procurement.

3. Public Works Sole Source Purchases. All Public Works purchases required to conform to the requirements of Public Contract Code § 3400 et seq., pertaining to sole source procurement on Public Works projects, shall conform to said statutory requirements instead of to the requirements of Subsections (B)(1) or (B)(2) above. In addition, a record of such sole source procurements shall be maintained as a public record and shall list each vendor's name, local address and principal place of business, the amount and type of each contract, the item(s) procured under each contract, and the identification number of the procurement, if any.

C. Emergency Purchases. Notwithstanding any other provision of this Chapter, the Purchasing Officer may make or authorize others to make emergency purchases of materials, supplies, equipment, or services when there exists a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. Emergency purchases shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and the selection of the particular contractor shall be included in the contract file. Emergency procurements exceeding $10,000.00 shall require approval of the Chief Administrative Officer or Finance Director. In the absence or unavailability of the Chief Administrative Officer or Finance Director, any department head shall have like authority. Within five (5) business days after such emergency purchase, a record of each emergency procurement shall be made setting forth the vendor's name, the amount and type of the contract, the terms of the contract, and the identification number of the purchasing file. Expenditures made during a locally declared emergency or in an emergency situation must be reported to the City Council at the next regular City Council meeting if approval for such expenditures would otherwise have been subject to the approval of the City Council.

D. Cooperative Purchasing. The Purchasing Officer may arrange for the City to enter an agreement involving the purchase of materials, supplies, equipment, vehicles, apparatus, or services in cooperation with another local, county, State, Federal, or other public entity, school district, or the League of California Cities, provided that:

1. The agreement is the result of competitive bidding or negotiation and is made in compliance with the competitive bid or proposal requirements of any participating entity or organization; and

2. The purchase conforms to the City's specifications for the item; and

3. The price established by the prior bid or negotiation is not more than six (6) months old.

4. The estimated price of the purchase is lower than that estimated for the purchase if made directly by the City pursuant to this Chapter.

Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between public agencies and public agency contracts negotiated to be available to other public agencies.

E. Standardization. When supplies, materials, equipment, or services have been uniformly adopted or otherwise standardized, or when an item is designated to match others in use by the City, the purchase is not subject to this Chapter. Justifications for standardization shall be recorded and maintained as a public record.

F. Competitive Proposals. When the Purchasing officer determines that conditions are inappropriate for the use of competitive bidding or that sealed bidding is infeasible or contrary to the best interests of the City, a contract may be entered by use of the competitive proposal method. The facts supporting such a determination shall be recorded and maintained as a public record.

1. Request for Proposals. The Purchasing Officer shall issue or approve a request for proposals describing the services or product to be procured, the format which proposals shall follow, the elements proposals shall contain, other appropriate requirements, and a statement of the time and place for the receipt and opening of sealed proposals. The request for proposals shall identify all significant evaluation criteria and the procedures to be used for evaluation and selection for negotiation and/or contract award.

2. Notice of Solicitation. Notice of a request for proposals shall be published at least ten (10) calendar days prior to the date of proposal opening on the City Web Site. The notice shall include a general description of the item or service required and the place, date, and time of proposed opening. The Purchasing Officer or department director may give such other notice as they deem appropriate.

3. Proposal Opening. Proposals shall be opened publicly by the Purchasing Officer or his or her designee in the presence of one or more witnesses at the time and place specified in the request for proposals. The name of the offeror and such other information as the Purchasing Officer deems appropriate shall be announced and recorded. If no proposals are received, procurement may proceed without further compliance with competitive proposal requirements.

4. Proposal Evaluation. The City may, at any time, waive or modify any element of the request for proposals and/or any evaluation criterion. If so stated in the request for proposals, selection may be made, without negotiation, solely on the written submittals. If negotiation is elected, the City may negotiate with one or all offerors that the Purchasing Officer determines have a reasonable chance of selection, based on price and other factors stated in the solicitation.

5. Professional and Personal Services Procurement. The procurement of the professional services of any architect, landscape architect, engineer, artist, environmental consultant, land surveyor, construction project manager, accountant, appraiser, financial advisor, attorney, or other provider of professional services involving a high degree of technical or individual skill shall be based on demonstrated competence, the professional qualifications necessary for satisfactory performance of the required services, and a fair and reasonable price, after notice to a number of potential offerors adequate to permit reasonable competition consistent with the nature and requirements of the procurement. Offerors shall provide evidence that the person or firm carrying out contract responsibilities possesses the expertise and experience to perform the requisite professional services. The contract file shall contain a written summary of the basis on which notice to potential offerors was given and on which the award was made. Professional services contracts, except as authorized below, shall be awarded in accordance with Section 3.12.060 of this Chapter. Professional service contracts of less than $25,000.00 may be awarded in accordance with Section 3.12.080(A) of this Chapter by purchase order, and without competition, on the written recommendation of the department or division head. Professional services contracts for the preparation of environmental reports or special studies regarding private projects, when the project applicant has deposited the full amount of the contract, may be awarded by the City Engineer or the Community Development Director.

G. Notice of Award. With respect to contracts awarded under this Section 3.12.080, no Notice of Intent to Award shall be required to bidders as provided for contracts awarded pursuant to Section 3.12.060 and the procurement protest procedures under Section 3.12.140 shall not apply.

H. Other Purchases. The provisions of this Chapter do not apply to purchases of the following items, so long as funds have been properly appropriated therefor:

1. Materials, supplies, equipment or services from public or private nonprofit California corporations operating workshops serving the handicapped;

2. Books, periodicals, records, tapes, and similar materials used at the public library;

3. Software and other intellectual property with a unique or special purpose, as documented in writing by the Purchasing Officer;

4. Items and services acquired with Federal or State loan or grant funds when the terms and conditions of the loan or grant conflict with this Code; and

5. Insurance, insurance adjusting, legal, and related services. If a new appropriation therefor is required or an existing appropriation is insufficient, the Chief Administrative Officer or Finance Director is authorized to bind coverage or otherwise provide for such services until the required appropriation has been approved.

6. Vendor servicing agreements where the equipment has been purchased competitively.

3.12.090 Multi-Year Contracts.

Unless otherwise limited by the City's Charter, this Code or applicable State or Federal law, the term of a contract shall be as set forth in the contract, and may include extensions as authorized in the contract. The Chief Administrative Officer may approve a multi-year contract for a term not exceeding three years, including any options to renew or extend; provided, the annual value of the multi-year contract as extended does not exceed fifteen thousand dollars ($15,000). Otherwise, multi-year contracts shall require the approval of the City Council.

3.12.100 Awards of Contracts to Local Businesses.

In the bidding of, or letting for procurement of, supplies, materials, and equipment, as provided in this Chapter, the City Council or the Purchasing Officer may give a preference to a Local Business in making such purchase or awarding such contract in an amount not to exceed five (5%) percent of the Local Business' total bid price, or $15,000.00, whichever amount is lower. Total bid price shall include only the base bid price but also adjustments to that base bid price resulting from alternates requested in the Solicitation. In order for a Local Business to be eligible to claim the preference, the business must request the preference in the Solicitation response, provide a copy of its current business license, and meet one of the following criteria:

1. The difference between bids from the Local Business and a business outside the City is less than the current sales tax benefit the City would receive from the local sales tax; or

2. Any other reason which would reasonably justify selection of a Local Business based upon criteria which do not illegally discriminate against outside businesses.

"Local business" means a business that is located within the City of Bell and meets both of the following criteria: (i) The business has a current City of Bell business tax certificate; and (ii) the local sales tax generated by the business is allocated to the City of Bell.

3.12.110 Employee Interest Prohibited.

No employee, member of the City Council, nor any appointed member of a City Commission, Board or Committee, shall be financially interested, directly or indirectly, in any purchase order or contract for furnishing equipment, goods, supplies or services within the purview of this Code. Any purchase order or contract affecting the financial interest of a former City employee, former member of the City Council, or any former appointed member of a City Commission, Board or Committee, shall be awarded solely by the City Council at a public meeting and may not be awarded during a period which is five years after the end of that person's term of service to the City.

3.12.120 Waiver of Bids.

When competitive bidding is impossible, impractical, undesirable, or unlikely to produce an advantage or other useful result, the City may waive the competitive bidding requirements in this Chapter and may authorize a negotiated contract. Waiver shall be authorized by the City Council or the appropriate awarding authority specified in Section 3.12.030 after their review of written justification for the waiver provided by the director of the department initiating the procurement.

3.12.130 Contracts For Public Works Projects.

A. Compliance With Public Contract Code. Contracts for Public Works projects, as defined in Public Contract Code §§ 1101 and 20161, shall be let in compliance with the California Public Contract Code, including, without limitation, Public Contract Code § 20160 et seq.

B. Change Orders.

1. Any alteration to, amendment of, or deviation from an awarded contract as to scope, cost, time for completion, material, or equipment furnished as a part of the contract, or any alteration to, amendment of, or deviation from the nature of work to be performed, shall require the completion and issuance of a Change Order or execution of a contract amendment. Additions to work cannot be combined with deletions to work to avoid the Change Order requirement.

2. The Change Order is approved by the awarding authority (the entity originally approving the contract) within their original approving authority or that contained within the contract itself, such that the original contract and change order do not exceed the officer's aggregate purchasing authority, or authority under the contract. All other Change Orders shall be approved by the City Council or the person, if any, designated in a contract approved by the City Council. No Change Order shall be binding on the City until approved as provided in this Code.

3. Change Orders shall not be issued unless:

(a) The Change Order arises in good faith out of an unknown condition or unforeseen circumstance differing materially from the conditions of the contract; or the Change Order arises due to an error, as determined by the City, in the City's specifications that accompanied the bid solicitation; or the City desires to make a material substitution or addition to the project based on new information obtained during the construction phase of the project; and

(b) The Change Order does not change the purpose of the contract and is reasonably related to the scope of work authorized under the original contract;

(c) The Change Order is in writing; and

(d) The Change Order is signed by the Contractor and all the designated representatives of City (contract officer, project manager, architect (if any), or other representatives).

3.12.140 Procurement Protest Procedures.

Procurements for Public Works projects, materials, supplies, goods and services shall be protested in accordance with this Section. Protests not complying with the provisions of this Section shall not be reviewed.

A. Definitions. For the purposes of this Section:

1. "Bid" includes "offer" and "proposal" in the context of formal, informal, or negotiated procurements.

2. "Days" mean business days unless otherwise indicated.

3. "Filing date" or "submission date" means the final date for receipt by the City Clerk or the Purchasing Officer of the City of Bell.

4. "Interested party" means an actual bidder or offeror.

5. "Procurement staff" means the Finance Director, designated Purchasing Officer, City Engineer, Community Development Director or other department director initiating the procurement being requested, or the designees of any of these persons.

6. "Reviewing officer" means the Chief Administrative Officer or designee.

7. "Mail" means any delivery service such as US mail, UPS or FEDEX.

B. Grounds for Protest. Any interested party may file a written protest on any of the following grounds:

1. The existence of a substantial defect, error or omission in the solicitation documents issued by the City;

2. Failure of the City to follow the procedures of this Chapter;

3. Failure of the City to apply correctly the standards of review, evaluation, or scoring of a bid or proposal as specified in the solicitation documents therefor;

4. Award of the contract by the City to a bidder other than on the basis stated in the solicitation documents; or

5. Such other grounds as would state a cause of action at law or in equity.

C. Disallowed Protest Grounds. Protests based on the following grounds shall not be considered:

1. An evaluator's professional judgment on the quality of a response; or

2. The proposer's assessment of the agency's needs or requirements; or

3. Any grounds other than those listed in B above.

D. Protest Filing and Delivery. Pursuant to Section 3.12.060 F, a Notice of Intent to Award shall be issued prior to the award of contracts awarded in accordance with Section 3.12.060. Protests made in accordance with said Section shall be processed in accordance herewith. Protestors shall bear all costs of the protest other than salary and personnel costs of City employees. Protests shall be in writing and hand delivered or sent by certified U.S. mail, return receipt requested.

1. To the Purchasing Officer (for protests of purchases of materials, supplies, equipment, and services); or

2. To the City Clerk (for protests related to Public Works projects).

E. Protest/Appeal Contents. Protest documents shall:

1. Include the name, address, business telephone, email, and fax number of the protestor;

2. Identify the procurement or project under protest by name, solicitation number, and submission date;

3. Contain a concise statement of the grounds for protest and the facts supporting such grounds, including all supporting documentation (documentation submitted after filing will not be reviewed); and

4. State the form of relief requested.

F. Pre-Opening Protest Period – Solicitation Documents. Interested parties wishing to protest City solicitation documents must do so before the final date to accept bids and within five business days after the date the solicitation documents are issued or amended.

G. Post-Opening Protest Period. In cases of protests involving aspects of City procurement other than solicitation documents, interested parties shall make such protest within five business days after the Notice of Intent to Award is mailed or otherwise transmitted.

H. Protest Process.

1. Upon receipt of a timely protest, procurement staff shall review all the submitted materials and create and retain a written record of their review. Not later than 10 days after receipt of the protest, procurement staff shall respond in writing to the protest and to each material issue raised in the protest.

2. In the event of a timely protest, procurement staff shall not proceed with the solicitation or award of the contract until all administrative remedies have been exhausted unless the Chief Administrative Officer determines that the award of a contract without delay is necessary to protect substantial interests of the City.

3. Procurement staff may elect, but are not obligated, to attempt to resolve the protest with the affected parties. "Resolution" means the formal withdrawal of a protest by the protestor, or written acknowledgement of protest resolution signed by the City and the protestor.

4. If procurement staff attempts resolution, protestors shall be notified in writing of the date on which their matters shall be considered and shall be afforded an opportunity to present evidence for consideration to the City and such technical or other staff as the City deems necessary.

5. Procurement staff shall make a formal decision ("Protest Determination") to deny or uphold the protest and shall notify the protestor of that decision by mail, email or fax. The decision notification shall include a statement that the protestor has the right to appeal the Protest Determination to the City Council within three business days of the decision notification.

6. The award of contract shall be deferred until completion of the protest procedure provided that if award of the contract is by the City Council, the Protest Determination may be made by the City Council concurrent with the decision to award the contract. The protestor shall be given at least five (5) days written notice of the date of the City Council meeting to consider the award and the right to appear and be heard, but no further appeal rights.

3.12.140 Disposition of Surplus Property

1. All City departments shall submit to the Purchasing Officer, at such times and in such form as the Purchasing Officer shall prescribe, reports showing all supplies and

equipment which are no longer needed or which have become obsolete or worn out (herein as "surplus property").

2. The Purchasing Officer shall have the authority to dispose of surplus property by competitive bidding or public auction. Surplus property shall be sold to the highest bidder responding to a request for sealed bids or at a public auction.

3. If the Purchasing Officer elects to dispose of surplus property by competitive bidding, the following procedures shall be used:

(a) Surplus property shall be sold to the highest bidder submitting a sealed bid in response to a notice of sale by sealed bid.

(b) The Purchasing Officer shall cause to be published at least three days before the sale, in a locally adjudicated newspaper, a notice setting forth a general description of the surplus property to be sold; and the date, time and location for submittal of sealed bids, which date shall not be less than five calendar days following the last date of publication of the notice; the location where the property may be inspected; any special terms or conditions of sale; and the place, date and time when the bids will be opened and tabulated.

(c) The Purchasing Officer shall accept the highest bid or may reject all bids, and at a later date hold another public sale by competitive bidding.

4. If the Purchasing Officer elects to dispose of surplus property by auction, the following procedures shall be used:

(a) Surplus property shall be sold to the highest bidder at a public auction conducted by a licensed auctioneer or through participation in a cooperative auction of government agencies.

(b) The Purchasing Officer shall cause to be published at least three days before the sale, in a locally adjudicated newspaper, a notice setting forth a general description of the surplus personal property to be sold, and the date, time and location of the auction. If the auction is part of a cooperative auction, the notice given by or on behalf of the agency coordinating the auction will satisfy the requirements of this subdivision and no additional notice is required.

(c) The surplus property shall be sold to the highest bidder, provided the bid exceeds the minimum bid price, if any.

(d) All surplus property shall be sold "as-is" without warranty express or implied.

(e) The Purchasing Officer may contract with a professional auctioneer and allow a flat fee, hourly fee or percentage of the amount of the sale to be paid based upon that which is common and customary method and rate for such auctioneering services.

5. The Purchasing Officer, when in his or her judgment the competitive bid or auction of surplus property is infeasible or will result in minimal return to the City, may recommend to the City Council that such surplus property be donated to any other governmental organization, non-profit group or corporation exempt from federal taxes pursuant to Internal Revenue Code Section 501(c)(3) located within or serving the City of Bell. Surplus property shall only be donated upon approval of the City Council.

6. If no bids are received in response to a notice of sale by sealed bid or at auction, the Purchasing Officer may dispose of the surplus property pursuant to Section ___ of this Chapter.

7. The Purchasing Officer shall keep a written record of surplus property sold or donated pursuant to this chapter. If the property was sold, the record shall include the price or other consideration paid and the identity of the purchaser. If the property was donated, the record shall include the identity of the donee.

8. Unless otherwise provided, all proceeds from sale or auction of surplus property will be deposited into the City's general fund. Proceeds from sale of enterprise, federal, grant or other special designation property will be reimbursed, less prorated selling expenses to the appropriate fund, after completion of each sale.

SECTION 2: SEVERABILITY. If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision will not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed this ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 3 LIBERAL CONSTRUCTION. The provisions of this Chapter shall be liberally construed as necessary to effectively carry out its purposes, which are hereby found and declared to be in furtherance of the public health, safety and convenience

SECTION 4 PUBLICATION. The City Clerk is directed to cause this Ordinance to be published within 15 days of its passage in a newspaper of general circulation published and circulated within the City of Bell

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Bell, California, this _____ day of _____, 2012.

CITYOF BELL:

_____
Ali Saleh, Mayor

ATTEST:

CITY OF BELL

_____
Rebecca Valdez, CMC, City Clerk

APPROVED AS TO FORM
AND LEGAL CONTENT:

ALESHIRE & WYNDER, LLP

_____
Dave Aleshire, City Attorney

CERTIFICATION

I, Rebecca Valdez, City Clerk of the City of Bell, California, do hereby certify that Ordinance No. 1192 was duly introduced at a regular meeting of the City Council of the City of Bell, held on the 5th day of December, 2012, and was duly adopted at a regular meeting of said City Council on the ____ day of _____, 2012, by the following vote, to wit:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
Rebecca Valdez, CMC, City Clerk

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council of the City of Bell, California, this _____ day of _____, 2012.

CITYOF BELL:

_____
Ali Saleh, Mayor

ATTEST:

CITY OF BELL

_____
Rebecca Valdez, CMC, City Clerk

APPROVED AS TO FORM
AND LEGAL CONTENT:

ALESHIRE & WYNDER, LLP

_____
Dave Aleshire, City Attorney

CERTIFICATION

I, Rebecca Valdez, City Clerk of the City of Bell, California, do hereby certify that Ordinance No. 1192 was duly introduced at a regular meeting of the City Council of the City of Bell, held on the 5th day of December, 2012, and was duly adopted at a regular meeting of said City Council on the ____ day of _____, 2012, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Rebecca Valdez, CMC, City Clerk

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Honorable Mayor and Members of the City Council

FROM: Joe Perez, Community Development Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Urgency Ordinance No. 1189 - Extending a Moratorium on Recycling Facilities in the City of Bell

RECOMMENDED ACTION

It is recommended that the City Council adopt Ordinance No. 1189 extending a moratorium by one year on recycling facilities within the City of Bell.

BACKGROUND

On December 14, 2011, the City Council adopted Urgency Ordinance No. 1174 establishing a 10 month and 15 day moratorium on recycling facilities due to the proliferation of recycling centers that were being permitted within the City in such close proximity to residential properties and other recycling facilities. The City Council directed that a study be prepared to examine the adequacy of current development standards and the need to establish new regulations for recycling facilities in the City.

On January 11, 2012, the City Council adopted Ordinance No. 1183 extending the moratorium established by Ordinance No. 1174, for an additional 10 month and 15-day period. This was done to allow additional time to conduct studies and prepare new regulations for recycling facilities.

This item is an Urgency Ordinance which would extend the moratorium on recycling facilities in the City of Bell for one additional year.

CURRENT REGULATIONS

Chapter 17.80 of the Bell Municipal Code (BMC) regulates recycling facilities within the City. The current standards require that recycling facilities be certified by the Department of Conservation under the provisions of the Recycling Act. Pursuant to BMC section 17.80.06, the established regulations are applicable to all recycling facilities and address potential issues that pertain only to the site on which the recycling facility will be located, not on issues that affect the surrounding uses.

The current standards allow recycling facilities to be located in any commercial zone regardless of the nature of the existing use of the site and the surrounding land uses. Furthermore, the current code does not regulate the distance separating recycling facilities from sensitive land uses, such as residential uses and day care centers, nor does the code address the operational performance of this type of use. The current standards also do not take into consideration the compatibility of the land use on which proposed recycling centers are located, potentially inhibiting future development opportunities in commercial zones.

DISCUSSION

Pursuant to Government Code Section 65858(d), research has been conducted of regulations used by surrounding cities. The recycling facilities regulations of the surveyed cities have been evaluated and it has been determined that they are inadequate in providing the needed restrictions for such facilities in Bell.

Additionally, the current data received from the existing operational facilities is not sufficient to provide an adequate history and trend of impacts on the community.

Additional research is necessary to develop regulations that will concurrently comply with state recycling requirements and protect the health, safety and welfare of the residents of Bell. After the completion of the research and analysis, a proposed regulatory ordinance will be presented to City Council for consideration which addresses the impact of this type of use on residential zones, establish adequate guidelines by which any recycling facility may be regulated, and ensures that the new guidelines will protect the health, safety and welfare of the residents of Bell.

Pursuant to Government Code Section 65858(a), the City Council may extend the previously approved moratorium ordinance by one additional year. The additional year will allow the time necessary for the completion of studies and preparation of new regulations in the form of an ordinance.

This report satisfies Government Code Section 65858(d) requiring the issuance of a written report which describes the measures taken to alleviate the condition which led to the adoption of the ordinance.

ENVIRONMENTAL REVIEW

The proposed extension of the moratorium is exempt from the California Environmental Quality Act (CEQA) because the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment and the activity is not a project as defined by CEQA Guidelines.

CONCLUSION

In order to maintain the status quo while additional necessary research is conducted and a proposed final ordinance regarding recycling facilities is prepared, it is recommended that the City Council extend the existing moratorium by one year.

ATTACHMENTS

1. Urgency Ordinance No. 1189

INTERIM URGENCY ORDINANCE NO. 1189

AN INTERIM URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELL, CALIFORNIA, EXTENDING A MORATORIUM ADOPTED BY ORDINANCE NO. 1183 BY ONE YEAR, ON THE ACCEPTANCE, PROCESSING, ISSUANCE, OR APPROVAL OF ANY CONDITIONAL OR SPECIAL USE PERMITS OR ENTITLEMENTS FOR THE ESTABLISHMENT OF ANY TYPE OF RECYCLING FACILITY WITHIN THE CITY LIMITS PENDING THE COMPLETION OF STUDIES AND THE PREPARATION OF NEW AND UPDATED ORDINANCES REGULATING RECYCLING FACILITIES

WHEREAS, the City Council of the City of Bell adopted Interim Ordinance No. 1183 was adopted by the City Council on January 11, 2012, establishing a 10 month and 15-day extension moratorium temporarily prohibiting the acceptance, processing, issuance, or approval of any conditional or special use permits or entitlements for the establishment of any type of recycling facility within the city limits pending the completion of studies and the preparation of new and updated Ordinances regulating recycling facilities, as more particularly set forth in Interim Ordinance No. 1183; and

WHEREAS, all of the findings cited in Interim Ordinance No. 1183, concerning the existence of an immediate and current threat to the public safety, health and welfare continue to exist and are valid; and

WHEREAS, the City Council, acting through its planning staff and Pursuant to Government Code Section 65858(d), has conducted research and studied recycling centers in the south east areas via phone surveys of the surrounding cities. The recycling facilities regulations of the surveyed cities have been evaluated and it has been determined that they are inadequate in providing the needed restrictions for such facilities in Bell. Additionally, the current data received from the existing operational facilities is not sufficient to provide an adequate history and trend of impacts on the community.

Additional research is necessary to develop proposed guidelines that will comply with state recycling requirements. After the completion of the research and analysis, a proposed regulatory ordinance will be presented to City Council for consideration which addresses the impact of this type of use on residential zones, establish adequate guidelines by which any recycling facility may be regulated, and ensures that the new guidelines will protect the health, safety and welfare of the residents of Bell. Furthermore, the existing need for research, analysis and additional historical data for this type of use, renders the initial 10 months and 15 days moratorium insufficient in providing time to accomplish the missing tasks.

WHEREAS, the City Council finds and determines that there is a need to extend Interim Ordinance No. 1183 for an additional year (until December 12, 2013), as authorized by Government Code Section 65858(a); and

WHEREAS, Government Code Sections 65858, 36934 and 36937 expressly authorize the City Council to adopt an interim ordinance prohibiting any uses which may be in conflict with any contemplated general plan, specific plan or zoning which the City Council or the Planning Department is considering studying or intends to study within a reasonable period of time; and

WHEREAS, subsequent to providing published notice pursuant to Government Code Section 65090, the City Council has conducted a public hearing on the extension proposed herein.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELL DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Above-Recitals. The above recitals are true and correct.

Section 2. Interim Moratorium on Establishing New Recycling Uses.

(a) No application may be accepted or processed to establish any recycling facility with the City, nor may any conditional or special use permits or entitlements for the establishment of any type of recycling facility be issued or approved during the term of this ordinance, as it may be extended from time to time.

(b) Notwithstanding the foregoing, a recycling facility is defined to be any of the types of recycling facilities described and/or defined in BMC Chapter 17.80 or in BMC Section 17.08.010, including, without limitation, "Recycling Collection Facility, Small or Large," "Recycling Processing Facility, Light or Heavy," "Recycling Unit, Mobile," "Reverse Vending Machine," and "Reverse Vending Machine, Bulk."

(c) Thus, the City Council directs staff to undertake a comprehensive study and analysis of current development standards for establishing recycling facilities within the City. The comprehensive study shall include, but not be limited to, the following components: (a) density, (b) distribution, (c) proximity to sensitive receptors, and (d) traffic to and from and around such facilities. The study shall be completed before the expiration of the interim ordinance.

Section 3. Urgency Declaration. The City Council finds and determines that the current development standards defined in BMC Chapter 17.80 established to control and regulate recycling facilities do not adequately protect the peace, health, safety, and general welfare of the residents of the City because they do not adequately regulate the density and the distribution of recycling facilities within the City, which leads to an over-concentration of this type of land use and creates incompatible land uses and visual blight; and because they do not regulate the distance separation of recycling facilities from sensitive land uses, such as residential uses and day care centers, which leads to a potential for land use conflicts and public nuisance problems, such as noise and odors.

Section 4. Urgency Findings. In adopting this Interim Urgency Ordinance, the City Council finds and determines that the adoption of this Interim Urgency Ordinance is necessary to protect the public safety, health, and welfare, as those terms are defined in Government Code Section 65858(a), for the reasons set forth below in this Section 4.

(a) The City has four small recycling facilities in operation, recently approved a new large recycling facility, all within a 2.8 square miles jurisdiction. Further, two of the four small recycling facilities are within 500 feet of each other. The number of recycling facilities and the closeness of the recycling facilities to each other demonstrate that the current development standards do not adequately regulate the density and the distribution of recycling facilities within the City, which leads to an over-concentration of this type of land use and creates incompatible land uses and visual blight.

(b) The four small recycling facilities and the large recycling facilities are located in close proximity to residential uses ranging from a distance of 10 feet to 50 feet. Further, the City does not have development standards to regulate the distance separation of recycling facilities from sensitive land uses, such as residential uses and day care centers nor regulations to address the operational performance of this type of business establishment. In the absence of appropriate regulations, inadequately regulated establishments could attract public nuisances such as littering, foul odors, increased noise from trucks picking up recycled materials, abandonment of shopping carts around the businesses and other unwanted activities.

Thus, the approval of conditional and special use permits for all recycling facilities, whether or not said facilities are currently addressed by BMC Chapter 17.80, would result in that threat to public health, safety, and welfare, as identified above in this Section 4. Due to the foregoing circumstances, it is necessary for the preservation of the public health, safety, and welfare that this ordinance takes effect immediately.

Section 5. CEQA Finding. The City Council finds that this Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in section 15378) of the CEQA guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or in directly.

Section 6. Vote Required for Adoption of Ordinance. This Interim Urgency Ordinance is enacted pursuant to the authority conferred upon the City Council of the City of Bell by Government Code Section 65858, 36934 and 36937, and shall be in full force and effect immediately upon its adoption by a four-fifths (4/5) vote of the City Council.

Section 7. Length of Moratorium. This Interim Urgency Ordinance is hereby declared an urgency measure and shall take effect on December 12, 2012, immediately upon its adoption by the City Council, and remain in effect for one year from that date, until December 12, 2013, unless extended pursuant to Government Code Section 65858 or terminated earlier by the City Council.

Section 8. Severability. If any provision, clause, sentence or paragraph of this Ordinance, or the application thereof to any persons or circumstances, shall be held invalid, such invalidity shall not affect the other provisions of this Ordinance which can be given effect without the invalid provision or application and, to this end, the provisions of this Ordinance are hereby declared to be severable.

Section 9. The City Clerk shall certify the adoption of this interim ordinance and shall cause the same to be processed in the manner required by law.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Bell, California, at a regular meeting held on this 5th of December, 2012.

_____

Ali Saleh, Mayor

ATTEST:

_____
REBECCA VALDEZ, City Clerk

APPROVED AS TO FORM:

_____
DAVE ALESHIRE, City Attorney

I, Rebecca Valdez, City Clerk, Bell, California, hereby certify that the foregoing ordinance No. 1189 was adopted by the City Council of the City of Bell at a regular meeting held on the 5th day of December, 2012 and passed by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____
City Clerk

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Rebecca Valdez, CMC, City Clerk

APPROVED BY: _____
Doug Willmore, City Manager

SUBJECT: Consideration of a Resolution Setting the Dates and Times of the City Council's Regular Meetings..

RECOMMENDATION:

That the City Council adopt Resolution No. 2012-82.

A. Hold meetings the first and third Wednesday of each month, closed session beginning at 5:00 PM and the regular meeting beginning at 7:00 PM

Or

B. Hold meetings the second and fourth Wednesday of each month, closed session beginning at 5:00 PM and the regular meeting beginning at 7:00 PM.

DISCUSSION:

Section 506 of the City of Bell's Charter provides that the "City Council shall hold regular meetings at least once each month" and at times fixed by a resolution. Accordingly, the staff responses the following schedule for the Council's regular meetings.

ATTACHMENTS

Resolution No. 2012-82

OPTION A
1st and 3rd Wednesday

RESOLUTION NO. 2012-82

A RESOLUTION OF THE CITY OF BELL SETTING THE DATES AND TIMES OF THE CITY COUNCIL'S REGULAR MEETINGS TO BE HELD ON THE FIRST AND THIRD WEDNESDAYS OF EACH CALENDAR MONTH

WHEREAS, the Charter of the City of Bell (the "City") authorizes the City's City Council to set and fix the dates and times for the Council's regular meetings; and

WHEREAS, Section 506 of the City's Charter, entitled "Regular Meetings," specifically provides that the City Council "shall hold regular meetings at least once a month at such times at is shall fix by resolution"; and

WHEREAS, the City's City Council desires to set the dates and times for its regular meetings for the first and third Wednesday of each calendar month.

NOW, THEREFORE, the City's City Council resolves as follows:

1. Recitals. The foregoing Recitals are declared as true and correct and adopted into the terms of this Resolution by this reference.
2. Regular Meetings. The City Council shall hold regular meetings on the first and third Wednesdays of each calendar month, closed session to commence at the hour of 5:00 PM, and open session to commence at the hour of 7:00 PM. If any such day is on a holiday, then the meeting shall be held on the next succeeding day which is not a holiday. If any such day is a Statewide election day or a regular or special municipal election day, then the meeting shall be held on the next succeeding day or on such other day as determined by the City Council.
3. Effective Date. This Resolution shall take effect January 1, 2013 and after its full adoption.
4. Severability Clause. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.
5. City Clerk. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 5th day of December 2012.

Ali Saleh, Mayor

APPROVED AS TO FORM:

David Aleshire, City Attorney

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Rebecca Valdez, City Clerk of the City of Bell, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Bell City Council at its regular meeting held on the 5th day of December, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rebecca Valdez, CMC, City Clerk

OPTION B
2nd and 4th Wednesday

RESOLUTION NO. 2012-82

A RESOLUTION OF THE CITY OF BELL SETTING THE DATES AND TIMES OF THE CITY COUNCIL'S REGULAR MEETINGS TO BE HELD ON THE SECOND AND FOURTH WEDNESDAYS OF EACH CALENDAR MONTH

WHEREAS, the Charter of the City of Bell (the "City") authorizes the City's City Council to set and fix the dates and times for the Council's regular meetings; and

WHEREAS, Section 506 of the City's Charter, entitled "Regular Meetings," specifically provides that the City Council "shall hold regular meetings at least once a month at such times at is shall fix by resolution"; and

WHEREAS, the City's City Council desires to set the dates and times for its regular meetings for the second and fourth Wednesday of each calendar month.

NOW, THEREFORE, the City's City Council resolves as follows:

1. Recitals. The foregoing Recitals are declared as true and correct and adopted into the terms of this Resolution by this reference.
2. Regular Meetings. The City Council shall hold regular meetings on the second and fourth Wednesdays of each calendar month, closed session to commence at the hour of 5:00 PM, and open session to commence at the hour of 7:00 PM. If any such day is on a holiday, then the meeting shall be held on the next succeeding day which is not a holiday. If any such day is a Statewide election day or a regular or special municipal election day, then the meeting shall be held on the next succeeding day or on such other day as determined by the City Council.
3. Effective Date. This Resolution shall take effect January 1, 2013 and after its full adoption.
4. Severability Clause. The provisions of this Resolution are severable and if any provision, clause, sentence, word or part thereof is held illegal, invalid, unconstitutional or inapplicable to any person or circumstance, such illegality, invalidity, unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, sections, words or parts thereof of the Resolution or their applicability to other persons or circumstances.
5. City Clerk. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this 5th day of December 2012.

Ali Saleh, Mayor

APPROVED AS TO FORM:

David Aleshire, City Attorney

CERTIFICATE OF ATTESTATION AND ORIGINALITY

I, Rebecca Valdez, City Clerk of the City of Bell, hereby attest to and certify that the foregoing resolution is the original resolution adopted by the Bell City Council at its regular meeting held on the 5th day of December, 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Rebecca Valdez, CMC, City Clerk

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Terry Rodrigue PE, City Engineer
Josh Betta, Finance Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Budgetary Adjustments and Appropriations Establishing the Fiscal Year 2012-2013 Pavement Rehabilitation Project in the Amount of $2,120,000

RECOMMENDATION

(1) Establish the 2012-2013 Pavement Rehabilitation Project (PRP), authorizing appropriation from reserves of $700,000 from Proposition C Fund; appropriation from reserves of $231,000 from Measure R Fund; and appropriation from reserves of $698,000 from Gas Tax Fund;
(2) Eliminate Chanslor Improvements, Weik Overlay and Vinevale Overlay as stand alone capital improvement projects and transfer all project funding to the 2012-2013 PRP; and
(3) Eliminate Brompton Ave Overlay project from FY 2013 capital improvement program, authorizing re-programming of funding to the 2012-2013 PRP;
(4) Direct staff to re-budget Brompton Ave Overlay project in FY 2013-2014.

BACKGROUND

On October 17, 2012, Council approved the City's 2012-2013 Pavement Rehab Project in the amount of $2,120,000. In order to proceed with this project, it is necessary to appropriate a total of $1,629,000 from the reserves of the Proposition C, Measure R and Gas Tax funds in amounts displayed in Recommendation (1) above.

In addition to the appropriations from reserves, several projects that were approved in the FY 2012-2013 budget as "stand alone" projects will be incorporated into the City's 5-year pavement management plan and can be removed as separate line items with those amounts being allocated under the larger umbrella of the FY 2012-2013 Pavement Rehab Project.

These changes are listed individually in the attached Exhibit A.

FISCAL IMPACT

All funds for this project are from restricted (special revenue) funds; the PRP has no impact to the General Fund.

If the recommendation above is approved, the funding for the 2012-2013 Pavement Rehab Project is as follows:

AGENDA NO.

Funding Source	Amount
Prop C	$700,000
Measure R	$555,000
Gas Tax	$865,000
Total Project	**$2,120,000**

ATTACHMENTS

1. Exhibit A – Funding Detail

2012-2013 Pavement Rehab Project (PRP)
Project Funding Detail

Funding Source	Prop C	Measure R	Gas Tax	Comments
Appropriation from Reserves	700,000			Available Reserves: $1,344,923
Appropriation from Reserves		231,000		Available Reserves: $874,797
Appropriation from Reserves			698,000	Available Reserves: $2,003,797
Postpone "Brompton Ave Overlay" Project		108,000	77,000	Re-Budget in FY 2014. Shift FY 2013 budget to PRP
Eliminate "Chanslor Improvements" as Stand Alone Project			90,000	Re-Budget project within scope of FY 2013 PRP
Eliminate "Weik Overlay" as Stand Alone Project		108,000		Re-Budget project within scope of FY 2013 PRP
Eliminate "Vinevale Overlay" as Stand Alone Project		108,000		Re-Budget project within scope of FY 2013 PRP
Total PRP Budget by Fund	**700,000**	**555,000**	**865,000**	
Grand Total PRP Budget			**2,120,000**	

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Doug Willmore, City Manager

APPROVED BY: _____
Doug Willmore, City Manager

SUBJECT: Approve Contract for Human Resource Consultant

RECOMMENDATION:

That the City Council approve an agreement, not to exceed $25,000, to cover the cost of contract human resources consulting services.

DISCUSSION OR BACKGROUND:

Human Resources Consultant Kevin Boylan has been assisting the City with important Human Resource matters including labor negotiations while working from a purchase order. The purchase order is fully utilized and we now need a contract for him to be able to continue providing assistance to the City.

The attached contract is the same contract that the Council approved for execution for Mr. Boylan in July (which was never executed) with the exception of many of the insurance provisions have been deleted. The original contract that the Council approved included insurance provisions that, upon further review, both Mr. Boylan and the City decided were not necessary and were overly financially burdensome for a Mr. Boylan. Thus, they have been removed. The amount, terms, and scope of work are identical to the contract that the Council approved for execution in July.

The proposed contract is attached.

FISCAL IMPACT:

The cost will not exceed $25,000 based on a maximum of 80 hours per month at a rate of $70/hour and will be covered within the existing budget.

ATTACHMENTS

Agreement

CITY OF BELL

CONTRACT SERVICES AGREEMENT FOR

CONSULTANT SERVICES

THIS CONTRACT SERVICES AGREEMENT (herein "Agreement") is made and entered into this _____ day of _____, 2012, by and between the CITY OF BELL, a California municipal corporation herein ("City") and KEVIN BOYLAN (herein "Contractor").

NOW, THEREFORE, the parties hereto agree as follows:

1. SERVICES OF CONTRACTOR

1.1 Scope of Services. In compliance with all of the terms and conditions of this Agreement, the Contractor shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. Contractor warrants that it has the experience and ability to perform all work and services required hereunder and that it shall diligently perform such work and services in a professional and satisfactory manner.

1.2 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental agency of competent jurisdiction.

1.3 Licenses, Permits, Fees and Assessments. Contractor shall obtain at its sole cost and expense such licenses, permits, and approvals as may be required by law for the performance of the services required by the Agreement.

1.4 Warranty. The Contractor shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence. Contractor warrants all work under the Agreement to be of good quality and free from any defective or faulty material and workmanship. Contractor agrees that for a period of one year (or the period of time specified elsewhere in the Agreement or in any guarantee or warranty provided by any manufacturer or supplier of equipment or materials incorporated into the work, whichever is later) after the date of final acceptance, Contractor shall within ten (10) days after being notified in writing by the City of any defect in the work or nonconformance of the work to the Agreement, commence and prosecute with due diligence all work necessary to fulfill the terms of the warranty at his sole cost and expense. The 1-year warranty may be waived in Exhibit "D" if the services hereunder do not include construction of any improvements or the supplying of equipment or materials.

1.5 Superseding Contract Boilerplate. Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "D" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "D" and any other provisions of this Agreement, the provisions of Exhibit "D" shall govern.

2. COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Contractor shall be compensated in accordance with the "Schedule of Compensation" attached hereto as Exhibit "D" and incorporated herein by this reference, but not exceeding the maximum contract amount of TWENTY FIVE THOUSAND DOLLARS ($25,000.00) ("Contract Sum").

2.2 Invoices. Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories.

City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City. City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission.

2.3 Additional Services. City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum but not exceeding a total contract amount of $5,000.00 or in the time to perform of up to ninety (90) days may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively must be approved by the City.

2.4 Prevailing Wages. Contractor is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 1600, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "Public Works" and "Maintenance" projects. If the Services are being performed as part of an applicable "Public Works" or "Maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is $1,000 or more, Contractor agrees to fully comply with such Prevailing Wage Laws. Contractor shall determine the applicable prevailing rates and make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the

Contractor's principal place of business and at the project site. Contractor shall defend, indemnify and hold the City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. The provisions of this Section may be waived in Exhibit "B" if inapplicable to the serves provided hereunder.

3. PERFORMANCE SCHEDULE

3.1 Time of Essence. Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance. Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "C" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding thirty (30) days cumulatively.

3.3 Force Majeure. The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Inspection and Final Acceptance. City may inspect and accept or reject any of Contractor's work under this Agreement, either during performance or when completed. City shall reject or finally accept Contractor's work within forty five (45) days after submitted to City. City shall accept work by a timely written acceptance, otherwise work shall be deemed to have been rejected. City's acceptance shall be conclusive as to such work except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any work by City shall not constitute a waiver of any of the provisions of this Agreement including, but not limited to, Article 5, pertaining to indemnification and insurance, respectively.

3.5 Term. Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding sixty (60) days from the date hereof, except as otherwise provided in the Schedule of Performance Exhibit "C".

4. COORDINATION OF WORK

4.1 Representative of Contractor. Kevin Boylan is hereby designated as being the representative of Contractor authorized to act on its behalf with respect to the work and services specified herein and make all decisions in connection therewith. All personnel of Contractor and any authorized agents shall be under the exclusive direction of the representative of Contractor. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, and shall keep City informed of any changes.

4.2 Contract Officer. Doug Willmore, City Manager, is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and to make all decisions in connection therewith ("Contract Officer"). The City Manager of City shall have the right to designate another Contract Officer by providing written notice to Contractor.

4.3 Prohibition Against Subcontracting or Assignment. Contractor shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

4.4 Independent Contractor. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth. Contractor shall perform all services required herein as an independent contractor of City with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City, or that it is a member of a joint enterprise with City.

5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages. The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than $1,000,000.00 per occurrence or if a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract/location, or the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for both the Contractor and the City against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than either (i) bodily injury liability limits of $100,000 per person and $300,000 per occurrence and property damage liability limits of $150,000 per occurrence or (ii) combined single limit liability of $1,000,000. Said policy shall include coverage for owned, non-owned, leased and hired cars.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with this Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the City's Risk Manager or other designee of the City due to unique circumstances. (See Exhibit "D")

5.2 Indemnification. To the full extent provided by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents against, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, including paying any legal costs, attorneys fees, or paying any judgment (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work or services of Contractor, its officers, agents, employees, subcontractors, or invitees, provided for herein ("indemnitors"), or arising from Contractor's indemnitors' negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, except claims or liabilities to the extent caused by the negligence or willful misconduct of the City indemnitees. (See Exhibit "D")

5.3 General Insurance Requirements. All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents shall apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor

shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City. (See Exhibit "D")

6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records. Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services and shall keep such records for a period of three years following completion of the services hereunder. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records.

6.2 Reports. Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement or as the Contract Officer shall require.

7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law. This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California.

7.2 Disputes; Default. In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article.

7.3 Legal Action. In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party

of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.4 Termination Prior to Expiration of Term. This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Contractor, except that where termination is due to the fault of the Contractor, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Contractor reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Contractor may determine. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder, but not exceeding the compensation provided therefore in the Schedule of Compensation Exhibit "D". In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.5 Termination for Default of Contractor. If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

8. MISCELLANEOUS

8.1 Covenant Against Discrimination. Contractor covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Contractor shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color creed, religion, sex, marital status, national origin, or ancestry.

8.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount, which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.3 Notice. Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the Chief Administrative Officer and to the attention of the Contract Officer, at City of Bell City Hall, 6330 Pine Avenue, Bell, California 90201 and in the case of the Contractor, to the person at the address designated on the execution page of this Agreement.

8.4 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by the mutual consent of the parties by an instrument in writing.

8.5 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

8.6 Waiver. No delay or omission in the exercise of any right or remedy by non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

8.7 Attorneys' Fees. If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which any be granted, whether legal or equitable, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment.

8.8 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

CITY OF BELL, a municipal corporation

_____

City Manager

ATTEST:

_____

City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

_____

Sunny K. Soltani, Assistant City Attorney

CONTRACTOR:

_____

By:_____
Name: Kevin Boylan
Title: Contractor

By:_____
Name:
Title:

Address:_____

Two signatures are required if a corporation

NOTE: CONTRACTOR'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONTRACTOR'S BUSINESS ENTITY.

[END OF SIGNATURES]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

On _____, 2012 before me, _____, personally appeared _____, proved to me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER_____

_____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

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

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

WITNESS my hand and official seal.

Signature: _____

OPTIONAL

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form

CAPACITY CLAIMED BY SIGNER

☐ INDIVIDUAL
☐ CORPORATE OFFICER

_____
TITLE(S)

☐ PARTNER(S) ☐ LIMITED ☐ GENERAL
☐ ATTORNEY-IN-FACT
☐ TRUSTEE(S)
☐ GUARDIAN/CONSERVATOR
☐ OTHER_____

_____

SIGNER IS REPRESENTING:
(NAME OF PERSON(S) OR ENTITY(IES))

_____

_____

DESCRIPTION OF ATTACHED DOCUMENT

_____
TITLE OR TYPE OF DOCUMENT

_____
NUMBER OF PAGES

_____
DATE OF DOCUMENT

_____
SIGNER(S) OTHER THAN NAMED ABOVE

EXHIBIT "A"

SCOPE OF SERVICES

I. Contractor shall perform the following Services under the general direction of the City Manager or designee:

A. Conduct an audit and evaluation of the City's current Personnel Rules, Regulations, Policies and Procedures to determine the City's compliance status with existing federal and state laws. The evaluated functions shall include, but are not limited to:

1. Recruitment and selection practices;
2. Performance management and evaluations systems;
3. Disciplinary practices;
4. Equal employment opportunity/anti-discrimination policies;
5. Fair Labor Standards Act practices;
6. Workers compensation procedures;
7. Drug and alcohol policies; and,
8. Leave and attend policies.

Other evaluated functions shall be audited based on the direction of the City Manager or designee. The priority of activities to be audited shall be based on the direction of the City Manager or designee.

B. Make recommendations on staffing and organization with the purpose of enhancing the human resources management systems' ability to meet the needs of user departments.

C. Confidentiality and Release of Information.

(a) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than the City without prior written authorization from the Contract Officer.

(b) Contractor, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City

Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives the City notice of such court order or subpoena.

(c) If Contractor, or any officer, employee, agent or subcontractor of Contractor, provides any information or work product in violation of this Agreement, then the City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify the City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. The City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with the City and to provide the City with the opportunity to review any response to discovery requests provided by Contractor. However, this right to review any such response does not imply or mean the right by the City to control, direct, or rewrite said response.

D. Ownership of Documents.

All studies, surveys, data, notes, computer files, reports, records, drawings, specifications, maps, designs, photographs, documents and other materials (the "documents and materials") prepared by Contractor, its employees, subcontractors and agents in the performance of this Agreement shall be the property of the City and shall be delivered to the City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by the City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Contractor will be at the City's sole risk and without liability to Contractor, and Contractor's guarantee and warranties shall not extend to such use, revise or assignment. Contractor may retain copies of such documents for its own use. Contractor shall have an unrestricted right to use the concepts embodied therein. All subcontractors shall provide for assignment to the City of any documents or materials prepared by them, and in the event Contractor fails to secure such assignment, Contractor shall indemnify the City for all damages resulting therefrom.

II. As part of the Services, Contractor will prepare and deliver the following tangible work products to the City:

A. Written audit report detailing the evaluation of the City's current Personnel Rules, Regulations, Police and Procedures as set forth in Section I.A. of this Exhibit A.

B. Written recommendations on staffing and organization of human resources management as set forth in Section I.B. of this Exhibit A.

III. In addition to the requirements of Section 6.2, during performance of the Services, Contractor will keep the City appraised of the status of performance by delivering the following status reports:

A. N/A

IV. All work product is subject to review and acceptance by the City, and must be revised by the Contractor without additional charge to the City until found satisfactory and accepted by City.

V. Contractor will utilize the following personnel to accomplish the Services:

A. Kevin Boylan

VI. The following provisions of the Agreement are revised as shown below.

A. 3.5 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding six (6) months from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "C").

EXHIBIT "B"

SCHEDULE OF COMPENSATION

I. Contractor shall perform the following tasks:

		RATE	SUBBUDGET
A.	**Task A**	**$70.00 per hour**	**$12,500.00**
B.	**Task B**	**$70.00 per hour**	**$12,500.00**

II. Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task subbudget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 2.3.

III. The City will compensate Contractor for the Services performed upon submission of a valid invoice. Each invoice is to include:

A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.

B. Line items for all materials and equipment properly charged to the Services.

C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.

D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.

IV. The total compensation for the Services shall not exceed $25,000.00 as provided in Section 2.1 of this Agreement.

EXHIBIT "C"
SCHEDULE OF PERFORMANCE

I. Contractor shall perform all services timely in accordance with the following schedule:

		Days to Perform	Deadline Date
A.	**Task A**	**As requested by City**	**As requested by City**
B.	**Task B**	**As requested by City**	**As requested by City**

II. Contractor shall deliver the following tangible work products to the City by the following dates.

A. Written audit report detailing the evaluation of the City's current Personnel Rules, Regulations, Police and Procedures as set forth in Section I.A. of Exhibit A.

B. Written recommendations on staffing and organization of human resources management as set forth in Section I.B. of Exhibit A.

III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.

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EXHIBIT "D"
SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)

Section 3.5 "Term" is revised in its entirety as follows:

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding six (6) months from the date hereof.

Section 5.1, Insurance Coverages, is deleted in its entirety.

Section 5.2, Indemnification, is deleted in its entirety.

Section 5.3, General Insurance Requirements, is deleted in its entirety.

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Anthony Miranda, Chief of Police

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Community Oriented Policing Services (COPS)

Recommendation

Receive and file.

Background:

The Bell Police department adopted the Community Oriented Policing philosophy which is taking the department from a call response mode to a problem solving mode. This practice has been a key to our policing efforts however; it did lack a key component.

The Office of Community Oriented Policing Services better known as the COPS Office has been established. The COPS office will centralize and advance the practice of community based policing in our community. Some of the current programs include: Neighborhood Watch, Business Watch, Police Explorers, Parents on Patrol, Volunteers in Policing (VIPS), Liaison official with LAUSD and the facilitation of a Needy Family Christmas Drive.

Currently, these programs and projects are led by several officers and sergeants who have successfully coordinated these programs for many years. However, in moving the department from good to great, an organizational transformation needed to occur. The alignment of organizational management, structure, personnel, information systems to support community partnerships and proactive problem solving had to transpire.

Part of this transformation includes the selection of Sergeant Art Jimenez to lead the efforts of the COPS Office. One of Sergeant Jimenez's main goals will be to develop collaborative partnerships between the Bell Police Department and the individuals and organizations we serve. He will work with all community stakeholders to problem solve and increase trust in our police.

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Ana Gutierrez, City Treasurer
Josh Betta, Finance Director

APPROVED BY:
Doug Willmore, City Manager

SUBJECT: **City of Bell, Bell Successor Agency and Bell Surplus Property Authority Investment Reports at September 30, 2012**

RECOMMENDATION:

Receive and file.

DISCUSSION OR BACKGROUND:

Per the requirements of the California Government Code and the City of Bell's Investment Policy, a monthly investment report is published that discloses the status of investments on a monthly basis.

The report includes types of investments, issuers, maturity dates, par values and the current market value of each component of the portfolio.

While not a requirement, additional information is presented on City and Agency debt managed in a third-party trustee capacity.

The attached Investment Reports for the City, Successor Agency and Surplus Property Authority reflect the portfolio at the above-referenced date and are in conformity with the Statement of Investment Policy adopted by the City Council on May 2, 2005.

FISCAL IMPACT:

None

ATTACHMENTS

City Investment Report
Successor Agency Investment Report
Surplus Property Authority Investment Report
Investment Report Support Documentation
Statement of Investment Policy

CITY OF BELL

INVESTMENT REPORT

September 30, 2012

City of Bell Investment Report

LAIF Deposit and Core Investments

September 2012

Report Date: 09/30/12

CUSIP	Issuer / Security	Par Amount	Coupon	Market Value *	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y)	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weighted Average Yield
	LAIF	1,485,988.15		1,485,988.15	10/01/12		1,485,988.15	77.21%	100.00	1		0.034%	0.77	0.77	0.026%
	Money Market	438,676.77		438,676.77	10/01/12		438,676.77	22.79%	100.00	1		0.010%	0.23	0.23	0.002%
	Totals	**$ 1,924,664.92**		**$ 1,924,664.92**			**$ 1,924,664.92**	**100.00%**					**1.00**	**1.00**	**0.029%**

Bank Account Balances:

Wells Fargo Bank Stagecoach Sweep General Checking:	3,986,788.34
Wells Fargo Bank Commercial Checking Choice IV-Public Funds:	63,198.00
Wells Fargo Bank Bell Community Housing Authority Checking Account:	2,176,754.73
Wells Fargo Bank Bell Community Housing Authority 2005 Project Fund:	798,223.20
Wells Fargo Bank Bell-Cudahy Cable Television:	86,517.23
Wells Fargo Bank Bell Public Finance Authority:	7,961.64
Wells Fargo Bank 2007 GOB Checking Account:	2,538,302.55
Wells Fargo Bank Payroll Account:	105,557.81
Wells Fargo Bank Worker's Compensation Account:	(1,256.62)
Total	$ 9,762,046.88

The City's investment and banking liquidity is sufficient for it to meet its expenditure requirements for the next 180 days. There have been no variances to the City Investment Policy.

* Current market valuation is required for investments with maturities of more than twelve months.

City of Bell
Funds and Investments Managed by Contracted (Third) Parties
September 2012

	Account Description	Acct #	Amount
Bell Community Housing Authority	Revenue Account	791640000	-
Lease Revenue Refunding Bonds	Interest Account	791640001	-
Issue of 2005	Principal Account	791640002	-
Trustee: US Bank	Reserve Account	791640003	1.00
Bell Public Financing Authority	Lease Payment Account	95447470	-
1998 Certificates of Participation	Reserve Account	95447471	-
Trustee: US Bank			
Bell Public Financing Authority	Revenue Fund	792338000	-
2005 Taxable Pension Revenue Bonds	Trust Fund	792338001	-
Trustee: US Bank			
Bell Public Financing Authority	Payment Account	119388000	1.00
Taxable Lease Revenue Bonds	Reserve Account	119388001	-
Issue 2007	Project Fund	119388005	1,990.65
Trustee: US Bank			
City of Bell General Obligation Bonds	Escrow Account	163633000	0.57
Bonds 2007 (Election of 2003)			
Trustee: US Bank			
Total City Third Party Accounts			$ 1,993.22

BELL SUCCESSOR AGENCY

INVESTMENT REPORT

September 30, 2012

Bell Successor Agency Investment Report
All Investments
September 2012

Report Date: 09/30/12

CUSIP	Issuer / Security	Par Amount	Coupon	Purchase Date	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weighted Average Yield
	LAIF	431.44			10/01/12		431.44	100.00%	100.00	1		0.034%	1.00	1.00	0.034%
	Totals	**$ 431.44**					**$ 431.44**	**100.00%**					**1.00**	**1.00**	**0.034%**

Bank Account Balances:

Wells Fargo Bank Successor to RDA: 2,317,830.69

The Agency's investment and banking liquidity is sufficient for it to meet its expenditure requirements for the next 180 days. There have been no variances to the City Investment Policy.

* Current market valuation is required for investments with maturities of more than twelve months.

Successor Agency
Funds and Investments Managed by Contracted (Third) Parties
September 2012

	Account Description	Acct #	Amount
Bell Community Redevelopment Agency	Debt Service Fund	94689700	-
Project Area Tax Allocation Refunding Bonds	Interest Account	94689701	175.32
Issue 2003	Principal Account	94689702	-
Trustee: US Bank	Reserve Account	94689703	1.00
Total Agency Third Party Accounts			$ 176.32

BELL SURPLUS PROPERTY AUTHORITY

INVESTMENT REPORT

September 30, 2012

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Bell Surplus Property Authority
All Investments
September 2012

Report Date: 09/30/12

CUSIP	Issuer / Security	Par Amount	Coupon	Purchase Date	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weighted Average Yield
	LAIF	1,775.56			10/01/12		1,775.56	100.00%	100.00	1		0.377%	1.00	1.00	0.377%
	Totals	**$ 1,775.56**					**$ 1,775.56**	**100.00%**					**1.00**	**1.00**	**0.377%**

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SUPPORTING DOCUMENTS TO THE INVESTMENT REPORTS

September 30, 2012

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 13, 2012

CITY OF BELL

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:

Tran Type Definitions

September 2012 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,485,988.15
Total Withdrawal:	0.00	Ending Balance:	1,485,988.15

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Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 13, 2012

BELL COMMUNITY REDEVELOPMENT AGENCY

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:

Tran Type Definitions

September 2012 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	431.44
Total Withdrawal:	0.00	Ending Balance:	431.44

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Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 13, 2012

SURPLUS PROPERTY AUTHORITY

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:

Tran Type Definitions

September 2012 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	1,775.56
Total Withdrawal:	0.00	Ending Balance:	1,775.56

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Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/31/2012	0.32	0.34	229
11/1/2012	0.32	0.34	235
11/2/2012	0.32	0.34	234
11/3/2012	0.32	0.34	234
11/4/2012	0.32	0.34	234
11/5/2012	0.33	0.34	230
11/6/2012	0.33	0.34	233
11/7/2012	0.33	0.34	235
11/8/2012	0.33	0.34	236
11/9/2012	0.33	0.34	236
11/10/2012	0.33	0.34	236
11/11/2012	0.33	0.34	236
11/12/2012	0.33	0.34	236
11/13/2012	0.33	0.34	232

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

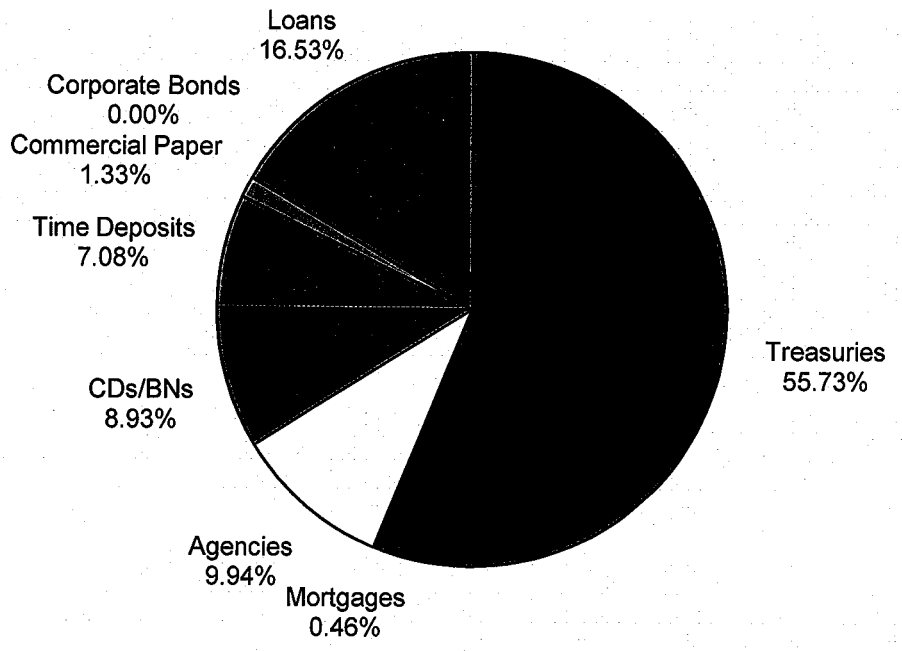
Quarter ending 09/30/2012

Apportionment Rate:	0.35%
Earnings Ratio:	.00000970563155028
Fair Value Factor:	1.001314072
Daily:	0.35%
Quarter To Date:	0.36%
Average Life:	242

PMIA Average Monthly Effective Yields

OCTOBER	**0.340%**
SEPTEMBER 2012	0.348%
AUGUST 2012	0.377%

Pooled Money Investment Account
Portfolio Composition
$62.2 Billion
09/30/12



CALIFORNIA STATE TREASURER

Bill Lockyer

Pooled Money Investment Account

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340		

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STAGECOACH SWEEP

WELLS FARGO BANK, N.A.
P.O. BOX 63020
SAN FRANCISCO, CA 94163

WELLS FARGO

CITY OF BELL
ATTN CITY TREASURER
6330 PINE AVE
BELL CA 90201-1221

Account Number - DDA

THIS STATEMENT COVERS 09/01/2012 THROUGH 09/30/2012

FDIC DISCLOSURES. THE FDIC REQUIRES EACH BANK TO DISCLOSE IF SWEPT FUNDS ARE DEPOSITS AND, IF NOT, THE STATUS OF THE FUNDS IF THE BANK FAILS.
*STAGECOACH SWEEP MONEY MARKET MUTUAL FUNDS ("MMMF") OPTION. FUNDS HELD ON COMPANY'S BEHALF IN THE OMNIBUS DEPOSIT ACCOUNT AT BANK ARE DEPOSITS AND INSURED UNDER APPLICABLE FDIC INSURANCE RULES AND LIMITS. COMPANY'S MMMF SHARES HELD IN THE OMNIBUS INVESTMENT ACCOUNT IN BANK'S NAME AT THE CUSTODIAN OF THE MMMF ARE NOT DEPOSITS AND ARE NOT ELIGIBLE FOR FDIC INSURANCE. COMPANY IS THE OWNER OF ITS MMMF SHARES.

WELLS FARGO ADVANTAGE TREASURY PLUS

FUND SUMMARY

Dividends Earned YTD	660.17
Federal Withholding YTD	.00
7-Day Simple Yield	.01000 %
Federal Withholding	.00

Beginning Balance	5,734,119.99
Prior Months Dividends Reinvested	52.84 +
Shares Purchased	103,157.17 +
Shares Redeemed	1,850,541.66 -
Ending Balance	3,986,788.34
Dividends Earned in Current Month	42.31
Funds Pending Investment	72,504.84

Transaction Detail

9-01-2012	Beginning Balance	5,734,119.99
9-04-2012	Next Day Sweep Purchase	23,244.47
9-04-2012	Reinvested Dividend	52.84
9-05-2012	Next Day Sweep Purchase	25,559.94
9-06-2012	Next Day Sweep Purchase	5,889.96
9-07-2012	Next Day Sweep Purchase	6,517.75
9-10-2012	Sweep Funds Return To DDA	140,638.48
9-11-2012	Next Day Sweep Purchase	9,660.42
9-12-2012	Next Day Sweep Purchase	7,357.75
9-13-2012	Sweep Funds Return To DDA	435,947.78
9-14-2012	Next Day Sweep Purchase	4,243.14
9-17-2012	Sweep Funds Return To DDA	9,199.39
9-18-2012	Next Day Sweep Purchase	576.17
9-19-2012	Next Day Sweep Purchase	20,107.57
9-20-2012	Sweep Funds Return To DDA	285,928.86
9-21-2012	Sweep Funds Return To DDA	103,059.56
9-24-2012	Sweep Funds Return To DDA	169,529.07
9-25-2012	Sweep Funds Return To DDA	44,746.16
9-26-2012	Sweep Funds Return To DDA	25,881.33
9-27-2012	Sweep Funds Return To DDA	621,737.93
9-28-2012	Sweep Funds Return To DDA	13,873.10
9-30-2012	Ending Balance	3,986,788.34

Daily Balance Information

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STAGECOACH SWEEP

WELLS FARGO

Date	Investment Balance	Annualized Fund Yield	Daily Dividend Factor	Daily Accrual
09-01*	5,734,172.83	.010 %	.000000274	1.57
09-02*	5,734,172.83	.010 %	.000000274	1.57
09-03*	5,734,172.83	.010 %	.000000274	1.57
09-04	5,757,417.30	.010 %	.000000274	1.58
09-05	5,782,977.24	.010 %	.000000274	1.58
09-06	5,788,867.20	.010 %	.000000274	1.59
09-07	5,795,384.95	.010 %	.000000274	1.59
09-08*	5,654,746.47	.010 %	.000000274	1.55
09-09*	5,654,746.47	.010 %	.000000274	1.55
09-10	5,654,746.47	.010 %	.000000274	1.55
09-11	5,664,406.89	.010 %	.000000274	1.55
09-12	5,671,764.64	.010 %	.000000274	1.55
09-13	5,235,816.86	.010 %	.000000274	1.43
09-14	5,240,060.00	.010 %	.000000274	1.44
09-15*	5,230,860.61	.010 %	.000000274	1.43
09-16*	5,230,860.61	.010 %	.000000274	1.43
09-17	5,230,860.61	.010 %	.000000274	1.43
09-18	5,231,436.78	.010 %	.000000274	1.43
09-19	5,251,544.35	.010 %	.000000274	1.44
09-20	4,965,615.49	.010 %	.000000274	1.36
09-21	4,862,555.93	.010 %	.000000274	1.33
09-22*	4,693,026.86	.010 %	.000000274	1.29
09-23*	4,693,026.86	.010 %	.000000274	1.29
09-24	4,693,026.86	.010 %	.000000274	1.29
09-25	4,648,280.70	.010 %	.000000274	1.27
09-26	4,622,399.37	.010 %	.000000274	1.27
09-27	4,000,661.44	.010 %	.000000274	1.10
09-28	3,986,788.34	.010 %	.000000274	1.09
09-29*	3,986,788.34	.010 %	.000000274	1.09
09-30*	3,986,788.34	.010 %	.000000274	1.09
			TOTAL MTD	**42.30**

* Indicates non-business day

THANK YOU FOR BANKING WITH WELLS FARGO

NOT FDIC INSURED. NO BANK GUARANTEE. MAY LOSE VALUE.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Wells Fargo Advantage Money Market Funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.

Wells Fargo Funds Management, LLC, a wholly-owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for *Wells Fargo Advantage Funds*®. Other affiliates of WellsFargo & Company provide sub-advisory and other services for the Funds. The Funds are distributed by **Wells Fargo Funds Distributor, LLC**, Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

This material must be accompanied or preceded by a current prospectus for name of the Fund(s) selected. Please read the prospectus carefully before investing.

Wc' 'argo Securities, LLC
30' .th Tryon Street
Bldg 1, 7th FLR, MAC D1130-072
Charlotte, NC 28288
1-800-326-5897

CITY OF BELL
6330 PINE AVENUE
BELL, CA 90201

12606

If you have multiple WFS accounts and have requested "house-holding," we have included the statements that pertain to those accounts in this single envelope.

9000

*Investments, other than Brokered Certificates of Deposits, are not FDIC insured, may lose value, and are not bank guaranteed - **see important disclosures on the reverse of your WFS account summary page.***

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044256 1001232 0005 1S39 UN#1634952-00012606 74887-0001 65115 10/01/12 P

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WELLS FARGO SECURITIES

Wells Fargo Securities, LLC
230 W MONROE ST
29TH FLOOR, SUITE 2900
CHICAGO, IL 60606-4703

TAMMI COWAN
(312)762-9048

Your Investment Account(s)

Statement Period
09/01/2012 - 09/28/2012

CITY OF BELL
6330 PINE AVENUE

Account Number

Account Value Summary

This summary does not reflect the value of unpriced securities. Repurchase agreements are reflect at par value.

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	$ 0.00	$ **0.00**	0%
Money Market Mutual Funds	438,673.16	**438,676.77**	100%
Bonds	0.00	**0.00**	0%
Stocks	0.00	**0.00**	0%
Total Account Value	**$ 438,673.16**	**$ 438,676.77**	**100%**

Value Change Since Last Statement Period	**$ 3.61**
Percent Increase Since Last Statement Period	**0%**
Value Last Year-End	**$ 438,643.80**
Percent Increase Since Last Year-End	**0%**

Income Summary

	This Period	Year-To-Date
Interest	$ 0.00	$ 0.00
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	3.61	32.97
Other	0.00	0.00
Income Total	**$ 3.61**	**$ 32.97**

Money Market Mutual Funds Summary

Description	Amount
Opening Balance	**$ 438,673.16**
Deposits and Other Additions	0.00
Distributions and Other Subtractions	0.00
Income Earned	3.61
Closing Balance	**$ 438,676.77**

CITY OF BELL
Account Number:

Statement Ending: September 28, 2012

Money Market Fund Activity

All transactions are traded at $1.00 per share

Wells Fargo Adv Treasury Plus *As of September 28, 2012	Dividend earned this period	7 day* simple yield	30 day* simple yield
	3.61	0.01%	0.01%

Transaction Date	Activity	Principal Amount	Dividend Amount	Balance
	Beginning Balance			**438,673.16**
09/30/12	.01000%30 DAYS,BAL = 438673		3.61	438,676.77
	Ending Balance			**438,676.77**

CITY OF BELL

STATEMENT OF INVESTMENT POLICY

CITY OF BELL
2005
STATEMENT OF INVESTMENT POLICY

PURPOSE

This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Bell and its component units ("Entity") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

OBJECTIVE

The goal of the City's investment policy is to enable the City to invest funds to enhance the economic status while protecting its pooled cash. The City attempts to obtain a market rate of interest without assuming undue risk to principal. The objective of such investments is: 1) preservation of capital with maintenance of liquidity; and 2) a competitive rate of return.

SCOPE

This investment policy applies to all financial assets of the Entity. There are two separate categories of funds for investment purposes:

1. General Operating/Capital Improvement Funds-Those funds that are utilized for the maintenance and operation and those funds that are being held for capital improvement projects.
2. Debt Service Funds- Those funds that are held in reserve for a long-term financial document.

The Entity attempts to obtain the highest yield obtainable, as long as investments meet the established criteria of safety and liquidity. The Entity strives to maintain a level of investment of all funds as near to 100% as possible.

Investments of funds held by the Fiscal Agents/Trustees in connection with debt instruments are governed by the indenture.

DELEGATION OF AUTHORITY

The authority of the legislative body to invest or to reinvest funds of the Entity is delegated to the City Treasurer in accordance with State Statutes.

INVESTMENT RESPONSIBILITY/REPORTING

Investments are the responsibility of the City Treasurer. The City Treasurer shall be responsible for reporting the status of investments to the City Council and the Chief Administrative Officer on a monthly basis in a format shown in Attachment A. In addition, to be in compliance with the California Government Code, a report will be submitted to City Council not later than thirty (30) days after the end of the quarter which shows the type of investment, institution, cost, par, market value, interest rate, date of maturity, and source of market value for all investments of more than twelve months. The report will contain a certification regarding the compliance of investments with the Entity's investment policy and disclosure regarding the availability to provide sufficient liquidity to meet six months of estimated expenditures.

PRUDENCE

The standard of prudence to be applied by the City Treasurer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, description and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

INVESTMENT CRITERIA

Criteria for selecting investments and the order of priority are:

1. SAFETY

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in the investments that are considered very safe.

2. LIQUIDITY

This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occurs occasionally.

3. YIELD

Yield is the potential dollar earning an investment can provide and sometimes is described as the rate of return.

INVESTMENT INSTRUMENTS

California cities may invest in any investment allowable under current legislation of the State of California (Government Code Section 53600 et al.) so long as the investment is appropriate when the City's investment objectives and policies are taken into consideration. For the fiscal years 2005-06 to 2009-10, the following investment types have been selected as permissible investments for the Entity:

- US Treasury Obligations (Bills, Notes and Bonds)
- US Government Agency Securities and Instrumentalities of Government Sponsored Corporations (except inverse floating rate securities and other derivative products)
- Banker's Acceptances
- Commercial Paper
- Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Intermediate Term Corporate Notes
- Money Markets
- Local Agency Investment Fund (State Pool)
- Shares of Beneficial Interest (Mutual Funds)

INVESTMENT POOLS

The City Treasurer has determined that use of investment pools is a practical investment option.

MATURITY LIMITATIONS

Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for bond proceeds for the reserve fun or funded/capitalized interest fund or the City Council has granted express authority to make that investment either specifically or as part of an investment program approved by the City Council no less than three months prior to the investment. The average maturity of the City's total portfolio is to be managed so that money is always available when needed.

SAFEGUARDING OF ASSETS AND RECORDS

Securities purchased from broker/dealers will be delivered to our third-party safekeeping in City's name and control, whenever possible. The City Treasurer receives and reconciles the City's Investment Reports to the Trust Statements on a monthly basis. The City Treasurer and/or the designee perform reconciliation of the bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity

dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Committee.

QUALIFIED BROKER/DEALERS

The Entity shall transact business only with banks, savings and loans and with broker/dealers. At this time the only broker/dealer the Entity uses is Wells Fargo Bank in connection with the custodial agreement for the purchase of Certificates of Deposit. The Entity will require the Custodian to certify reading the investment policy annually. If the Entity should decide to use any other broker/dealer, the Entity will determine if the broker/dealer is qualified under the current government code and will supply the broker/dealer with a copy of this investment policy to inform them of the approved investments for this Entity. The Entity does not currently invest in securities that would require competitive bid, however, should the practice commence, a policy will be developed.

INVESTMENT COMMITTEE

An Investment Committee is established to review and make recommendations on the investment policy and investment strategy of the City of Bell to strengthen the internal control of the management of the City's idle funds. The following are the duties and the responsibilities of the Investment Committee:

Purpose

- To review and make recommendations on investment policy and investment strategy of the Entity.
- To review the Entity's investments on a monthly basis and to approve any exceptions to the policy.

Composition of Committee

1. Chief Administrative Officer
2. City Council Member (selected by the City Council)
3. City Treasurer

Functions

Annually- To review and approve the Entity's Investment Policy

Monthly- To review the Entity's investments made during the month

To recommend Policy modifications to the Investment Policy

To develop and carry out the ongoing investment strategy in accordance with the Investment Policy

Quarterly- To review the quarterly investment report submitted by the City Treasurer.

The function of the Committee is not to inhibit the daily operation of the City Treasurer, but to give him/her the guidelines to work within on a day-to-day basis. By this, it is meant that each

individual trade need not be approved by this Committee at the time it is transacted, provided that it falls within the scope of the Policy and Investment Strategy.

MONITORING AND ADJUSTING THE PORTFOLIO

The City Treasurer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly based on the approved Investment Policy.

BOND FUNDS/ARBITRAGE

The US Tax Reform Act of 1986 requires the Entity to perform annual arbitrage calculations and rebate excess earnings to the US Treasury from investments of proceeds of bond issues sold after the effective date of this law. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Investable funds subjects to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The Entity's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

REVIEW AND/OR MODIFICATION

The Investment Committee shall be responsible for reviewing and modifying investment guidelines as conditions warrant and submit same for re-approval to the City Council at least on an annual basis. However, the City Treasurer may, at any time, further restrict the items approved for purchase as deemed appropriate.

INTERNAL CONTROLS

The City Treasurer shall establish the investment function organized in a manner so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The function of authorizing, executing and recording transactions, custody of investments and performing reconciliations are handled by separate persons to reduce the risk that a person is in a position to conceal errors or fraud in the normal course of duty.

While no internal control system, however elaborate, can guarantee absolute assurance that the Entity's assets are safeguarded, it is the intent of the Entity's internal control system to provide reasonable assurance that management of the investment function meets the Entity's objectives. There internal controls shall be reviewed annually by the independent auditor.

SEGREGATION OF RESPONSIBILITES

FUNCTION	RESPONSIBILITY
Develop formal Investment Policy	Fiscal Officer
Recommend modifications to Investment Policy	Chief Administrative Officer City Treasurer Investment Committee
Review formal Investment Policy and recommend a Council action	Investment Committee
Adopt formal Investment Policy	City Council
Select Investments	City Treasurer
Approve transactions	City Treasurer
Execute investment transactions	City Treasurer
Investment verification (match broker confirmation to City investment record)	Fiscal Officer
Record and reconcile investment transactions into City's accounting records	Fiscal Officer and/or designee
Reconcile investment records and bank statements	City Treasurer
Security	Time Certificates of Deposit may be maintained in the Entity's vault in the care of the City Treasurer. All other investment securities will be held in safekeeping in the trust department of the Entity's Depository bank, or other third party custodian as designated by the City Treasurer and City Council.

City of Bell
Agenda Report

DATE: December 5, 2012

TO: Mayor and Members of the City Council

FROM: Ana Gutierrez, City Treasurer
Josh Betta, Finance Director

APPROVED BY:
Doug Willmore, City Manager

SUBJECT: **City of Bell, Bell Successor Agency and Bell Surplus Property Authority Investment Reports at October 31, 2012**

RECOMMENDATION:

Receive and file.

DISCUSSION OR BACKGROUND:

Per the requirements of the California Government Code and the City of Bell's Investment Policy, a monthly investment report is published that discloses the status of investments on a monthly basis.

The report includes types of investments, issuers, maturity dates, par values and the current market value of each component of the portfolio.

While not a requirement, additional information is presented on City and Agency debt managed in a third-party trustee capacity.

The attached Investment Reports for the City, Successor Agency and Surplus Property Authority reflect the portfolio at the above-referenced date and are in conformity with the Statement of Investment Policy adopted by the City Council on May 2, 2005.

FISCAL IMPACT:

None

ATTACHMENTS

City Investment Report
Successor Agency Investment Report
Surplus Property Authority Investment Report
Investment Report Support Documentation
Statement of Investment Policy

CITY OF BELL

INVESTMENT REPORT

October 31, 2012

City of Bell Investment Report

LAIF Deposit and Core Investments

October 2012

Report Date: 10/31/12

CUSIP	Issuer / Security	Par Amount	Coupon	Market Value *	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y)	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weighted Average Yield
	LAIF	1,487,314.86		1,487,314.86	11/01/12		1,487,314.86	77.22%	100.00	1		0.034%	0.77	0.77	0.026%
	Money Market	438,680.50		438,680.50	11/01/12		438,680.50	22.78%	100.00	1		0.010%	0.23	0.23	0.002%
	Totals	$ 1,925,995.36		$ 1,925,995.36			$ 1,925,995.36	100.00%					1.00	1.00	0.029%

Bank Account Balances:

Wells Fargo Bank Stagecoach Sweep General Checking:	3,880,846.16
Wells Fargo Bank Commercial Checking Choice IV-Public Funds:	52,328.00
Wells Fargo Bank Bell Community Housing Authority Checking Account:	2,326,650.28
Wells Fargo Bank Bell Community Housing Authority 2005 Project Fund:	798,223.20
Wells Fargo Bank Bell-Cudahy Cable Television:	86,517.23
Wells Fargo Bank Bell Public Finance Authority:	7,961.98
Wells Fargo Bank 2007 GOB Checking Account:	2,538,302.55
Wells Fargo Bank Payroll Account:	33,727.18
Wells Fargo Bank Worker's Compensation Account:	60,546.00
Total	$ 9,785,102.58

The City's investment and banking liquidity is sufficient for it to meet its expenditure requirements for the next 180 days. There have been no variances to the City Investment Policy.

* Current market valuation is required for investments with maturities of more than twelve months.

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City of Bell
Funds and Investments Managed by Contracted (Third) Parties
October 2012

	Account Description	Acct #	Amount
Bell Community Housing Authority	Revenue Account	791640000	-
Lease Revenue Refunding Bonds	Interest Account	791640001	-
Issue of 2005	Principal Account	791640002	-
Trustee: US Bank	Reserve Account	791640003	-
Bell Public Financing Authority	Lease Payment Account	95447470	-
1998 Certificates of Participation	Reserve Account	95447471	-
Trustee: US Bank			-
Bell Public Financing Authority	Revenue Fund	792338000	-
2005 Taxable Pension Revenue Bonds	Trust Fund	792338001	-
Trustee: US Bank			
Bell Public Financing Authority	Payment Account	119388000	1.00
Taxable Lease Revenue Bonds	Reserve Account	119388001	-
Issue 2007	Project Fund	119388005	1,990.72
Trustee: US Bank			
City of Bell General Obligation Bonds	Escrow Account	163633000	-
Bonds 2007 (Election of 2003)			
Trustee: US Bank			
Total City Third Party Accounts			$ 1,991.72

BELL SUCCESSOR AGENCY

INVESTMENT REPORT

October 31, 2012

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Bell Successor Agency Investment Report
All Investments
October 2012

Report Date: 10/31/12

CUSIP	Issuer / Security	Par Amount	Coupon	Purchase Date	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weighted Average Yield
	LAIF	431.83			11/01/12		431.83	100.00%	100.00	1		0.034%	1.00	1.00	0.034%
	Totals	$ 431.83					$ 431.83	100.00%					1.00	1.00	0.034%

Bank Account Balances:

Wells Fargo Bank Successor to RDA: **2,308,628.19**

The Agency's investment and banking liquidity is sufficient for it to meet its expenditure requirements for the next 180 days. There have been no variances to the City Investment Policy.

* Current market valuation is required for investments with maturities of more than twelve months.

Successor Agency
Funds and Investments Managed by Contracted (Third) Parties
October 2012

	Account Description	Acct #	Amount
Bell Community Redevelopment Agency	Debt Service Fund	94689700	-
Project Area Tax Allocation Refunding Bonds	Interest Account	94689701	204.77
Issue 2003	Principal Account	94689702	-
Trustee: US Bank	Reserve Account	94689703	-
Total Agency Third Party Accounts			$ 204.77

BELL SURPLUS PROPERTY AUTHORITY

INVESTMENT REPORT

October 31, 2012

Bell Surplus Property Authority
All Investments
October 2012

Report Date: **10/31/12**

CUSIP	Issuer / Security	Par Amount	Coupon	Purchase Date	Maturity Date	Call Date	Acquisition Cost	% of Portfolio	Acquisition Price	Days to Final	Days to Call	YTM (Purchase Y	Final Wtd. Avg. Maturity	Effective Wtd. Avg. Maturity	Weigh Averag Yield
	LAIF	1,777.15			11/01/12		1,777.15	100.00%	100.00	1		0.034%	1.00	1.00	0.034
	Totals	$ 1,777.15					$ 1,777.15	100.00%					1.00	1.00	0.034

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 26, 2012

CITY OF BELL

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:
98-19-059

Tran Type Definitions

October 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/15/2012	10/12/2012	QRD	1377121	SYSTEM	1,326.71

Account Summary

Total Deposit:	1,326.71	Beginning Balance:	1,485,988.15
Total Withdrawal:	0.00	Ending Balance:	1,487,314.86

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 26, 2012

BELL COMMUNITY REDEVELOPMENT AGENCY

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:
65-19-011

Tran Type Definitions

October 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/15/2012	10/12/2012	QRD	1376020	SYSTEM	0.39

Account Summary

Total Deposit:	0.39	Beginning Balance:	431.44
Total Withdrawal:	0.00	Ending Balance:	431.83

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif
November 26, 2012

SURPLUS PROPERTY AUTHORITY

CITY TREASURER
6330 PINE AVENUE
BELL, CA 90201

PMIA Average Monthly Yields

Account Number:
40-19-007

Tran Type Definitions

October 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/15/2012	10/12/2012	QRD	1375771	SYSTEM	1.59

Account Summary

Total Deposit:	1.59	Beginning Balance:	1,775.56
Total Withdrawal:	0.00	Ending Balance:	1,777.15

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Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
11/7/2012	0.33	0.34	235
11/8/2012	0.33	0.34	236
11/9/2012	0.33	0.34	236
11/10/2012	0.33	0.34	236
11/11/2012	0.33	0.34	236
11/12/2012	0.33	0.34	236
11/13/2012	0.33	0.34	232
11/14/2012	0.32	0.34	231
11/15/2012	0.32	0.34	229
11/16/2012	0.32	0.34	228
11/17/2012	0.32	0.33	228
11/18/2012	0.32	0.33	228
11/19/2012	0.32	0.33	225
11/20/2012	0.32	0.33	226

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

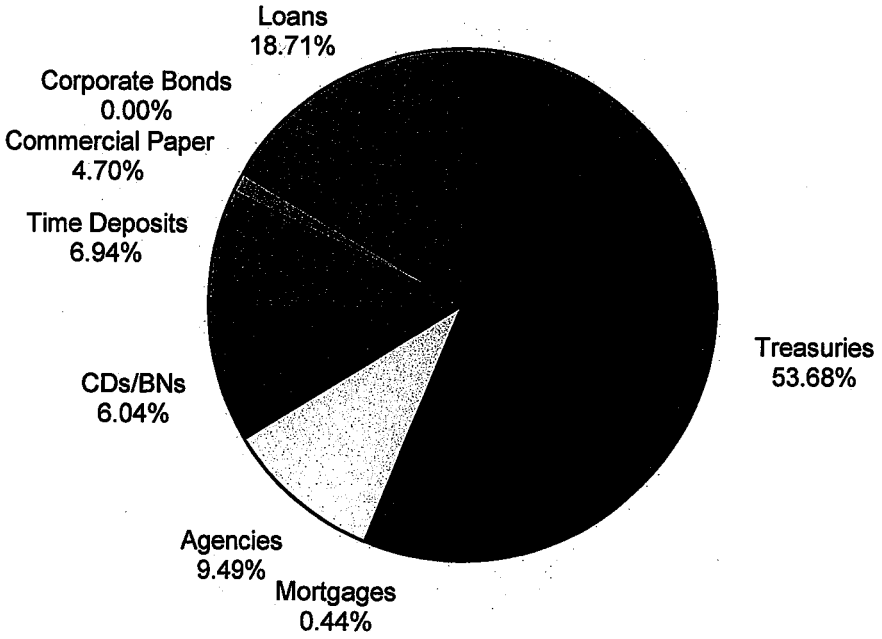
Quarter ending 09/30/2012

Apportionment Rate:	0.35%
Earnings Ratio:	.00000970563155028
Fair Value Factor:	1.001314072
Daily:	0.35%
Quarter To Date:	0.36%
Average Life:	242

PMIA Average Monthly Effective Yields

OCTOBER	**0.340%**
SEPTEMBER 2012	0.348%
AUGUST 2012	0.377%

Pooled Money Investment Account
Portfolio Composition
$63.0 Billion
10/31/12



CALIFORNIA STATE TREASURER

Bill Lockyer

Pooled Money Investment Account

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340		

STAGECOACH SWEEP

WELLS FARGO BANK, N.A.
P.O. BOX 63020
SAN FRANCISCO, CA 94163

WELLS FARGO

RECEIVED
NOV 05 2012

CITY OF BELL
ATTN CITY TREASURER
6330 PINE AVE
BELL CA 90201-1221

Account Number - DDA

THIS STATEMENT COVERS 10/01/2012 THROUGH 10/31/2012

FOR QUESTIONS, PLEASE CALL YOUR CUSTOMER SERVICE OFFICER, OR TREASURY MANAGEMENT CLIENT SERVICES AT 1-800-AT-WELLS (1-800-289-3557), OPTION 2.

WELLS FARGO ADVANTAGE TREASURY PLUS

FUND SUMMARY

Dividends Earned YTD	695.48
Federal Withholding YTD	.00
7-Day Simple Yield	.01000 %
Federal Withholding	.00

Beginning Balance	3,986,788.34
Prior Months Dividends Reinvested	42.31 +
Shares Purchased	770,365.67 +
Shares Redeemed	876,350.14 -
Ending Balance	3,880,846.18
Dividends Earned in Current Month	35.31
Funds Pending Redemption	58,162.39-

Transaction Detail

10-01-2012	Beginning Balance	3,986,788.34
10-01-2012	Next Day Sweep Purchase	72,504.84
10-01-2012	Reinvested Dividend	42.31
10-02-2012	Next Day Sweep Purchase	48,298.94
10-03-2012	Next Day Sweep Purchase	403,901.68
10-04-2012	Next Day Sweep Purchase	63,444.77
10-05-2012	Sweep Funds Return To DDA	69,066.46
10-09-2012	Next Day Sweep Purchase	1,796.48
10-10-2012	Sweep Funds Return To DDA	59,699.80
10-11-2012	Sweep Funds Return To DDA	273,386.22
10-12-2012	Sweep Funds Return To DDA	91,114.45
10-15-2012	Sweep Funds Return To DDA	14,465.37
10-16-2012	Next Day Sweep Purchase	43,747.47
10-17-2012	Sweep Funds Return To DDA	16,696.88
10-18-2012	Next Day Sweep Purchase	10,833.07
10-19-2012	Next Day Sweep Purchase	27,855.67
10-22-2012	Next Day Sweep Purchase	2,685.26
10-23-2012	Next Day Sweep Purchase	13,253.44
10-24-2012	Sweep Funds Return To DDA	55,193.85
10-25-2012	Sweep Funds Return To DDA	244,740.05
10-26-2012	Next Day Sweep Purchase	19,856.17
10-29-2012	Sweep Funds Return To DDA	20,460.78
10-30-2012	Next Day Sweep Purchase	62,187.88
10-31-2012	Sweep Funds Return To DDA	31,526.28
10-31-2012	Ending Balance	3,880,846.18

Daily Balance Information

Date	Investment Balance	Annualized Fund Yield	Daily Dividend Factor	Daily Accrual
10-01	4,059,335.49	.010 %	.000000274	1.11

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STAGECOACH SWEEP

WELLS FARGO

Date	Investment Balance	Annualized Fund Yield	Daily Dividend Factor	Daily Accrual
10-02	4,107,634.43	.010 %	.000000274	1.13
10-03	4,511,536.11	.010 %	.000000274	1.24
10-04	4,574,980.88	.010 %	.000000274	1.25
10-05	4,505,914.42	.010 %	.000000274	1.23
10-06*	4,505,914.42	.010 %	.000000274	1.23
10-07*	4,505,914.42	.010 %	.000000274	1.23
10-08*	4,505,914.42	.010 %	.000000274	1.23
10-09	4,507,710.90	.010 %	.000000274	1.24
10-10	4,448,011.10	.010 %	.000000274	1.22
10-11	4,174,624.88	.010 %	.000000274	1.14
10-12	4,083,510.43	.010 %	.000000274	1.12
10-13*	4,069,045.06	.010 %	.000000274	1.11
10-14*	4,069,045.06	.010 %	.000000274	1.11
10-15	4,069,045.06	.010 %	.000000274	1.11
10-16	4,112,792.53	.010 %	.000000274	1.13
10-17	4,096,095.65	.010 %	.000000274	1.12
10-18	4,106,928.72	.010 %	.000000274	1.13
10-19	4,134,784.39	.010 %	.000000274	1.13
10-20*	4,134,784.39	.010 %	.000000274	1.13
10-21*	4,134,784.39	.010 %	.000000274	1.13
10-22	4,137,469.65	.010 %	.000000274	1.13
10-23	4,150,723.09	.010 %	.000000274	1.14
10-24	4,095,529.24	.010 %	.000000274	1.12
10-25	3,850,789.19	.010 %	.000000274	1.06
10-26	3,870,645.36	.010 %	.000000274	1.06
10-27*	3,850,184.58	.010 %	.000000274	1.05
10-28*	3,850,184.58	.010 %	.000000274	1.05
10-29	3,850,184.58	.010 %	.000000274	1.05
10-30	3,912,372.46	.010 %	.000000274	1.07
10-31	3,880,846.18	.010 %	.000000274	1.06
			TOTAL MTD	**35.26**

* Indicates non-business day

THANK YOU FOR BANKING WITH WELLS FARGO

NOT FDIC INSURED. NO BANK GUARANTEE. MAY LOSE VALUE.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Wells Fargo Advantage Money Market Funds seek to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in a money market fund.

Wells Fargo Funds Management, LLC, a wholly-owned subsidiary of Wells Fargo & Company, provides investment advisory and administrative services for *Wells Fargo Advantage Funds*®. Other affiliates of WellsFargo & Company provide sub-advisory and other services for the Funds. The Funds are distributed by **Wells Fargo Funds Distributor, LLC**, Member FINRA/SIPC, an affiliate of Wells Fargo & Company.

This material must be accompanied or preceded by a current prospectus for name of the Fund(s) selected. Please read the prospectus carefully before investing.

Choice IV-Public Funds {NIB}

Account number:
Prior account number:

October 1, 2012 - October 31, 2012 ■ Page 1 of 1

WELLS FARGO

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NOV 07 2012
BY:

DCWC11DTKU 009054

CITY OF BELL
SUCCESSOR TO RDA
ATTN CITY TREASURER
6330 PINE AVE
BELL CA 90201-1221

Questions?

Call your Customer Service Officer or Client Services
1-800-AT WELLS (1-800-289-3557)
5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (182)
PO Box 63020
San Francisco, CA 94163

Account summary

Choice IV-Public Funds {NIB}

Account number	*Beginning balance*	*Total credits*	*Total debits*	*Ending balance*
4159281450	$2,317,830.69	$0.00	-$9,202.50	$2,308,628.19

Debits

Checks paid

Number	*Amount*	*Date*	
5508	9,202.50	10/12	
		$9,202.50	**Total checks paid**
		$9,202.50	**Total debits**

Daily ledger balance summary

Date	*Balance*	*Date*	*Balance*
09/30	2,317,830.69	10/12	2,308,628.19

Average daily ledger balance $2,311,893.59

DCWC11DTKU 009054 NNNNNNNNNNN NNN NNN 001 001 182 027569 10406778.1.1

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WELLS FARGO SECURITIES

Wells Fargo Securities, LLC
230 W MONROE ST
29TH FLOOR, SUITE 2900
CHICAGO, IL 60606-4703

TAMMI COWAN
(312)762-9048

Your Investment Account(s)

Statement Per
10/01/2012 - 10/31/2

CITY OF BELL
6330 PINE AVENUE

Account Number

Account Value Summary

This summary does not reflect t value of unpriced securities. Repurchase agreements are rel at par value.

	Amount Last Statement Period	Amount This Statement Period	% Portfolio
Cash	$ 0.00	$ 0.00	0%
Money Market Mutual Funds	438,676.77	438,680.50	100%
Bonds	0.00	0.00	0%
Stocks	0.00	0.00	0%
Total Account Value	**$ 438,676.77**	**$ 438,680.50**	**100%**

Value Change Since Last Statement Period	**$ 3.73**
Percent Increase Since Last Statement Period	**0%**
Value Last Year-End	**$ 438,643.80**
Percent Increase Since Last Year-End	**0%**

Income Summary

	This Period	Year-To-Date
Interest	$ 0.00	$ 0.00
Dividends/Capital Gains	0.00	0.00
Money Market Mutual Funds Dividends	3.73	36.70
Other	0.00	0.00
Income Total	**$ 3.73**	**$ 36.70**

Money Market Mutual Funds Summary

Description	Amount
Opening Balance	$ 438,676.77
Deposits and Other Additions	0.00
Distributions and Other Subtractions	0.00
Income Earned	3.73
Closing Balance	**$ 438,680.50**

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CITY OF BELL
Account Number:

Statement Ending: **October 31, 2012**

Money Market Fund Activity

All transactions are traded at $1.00 per share

Wells Fargo Adv Treasury Plus
*As of October 31, 2012

Dividend earned this period	7 day* simple yield	30 day* simple yield
3.73	0.01%	0.01%

Transaction Date	Activity	Principal Amount	Dividend Amount	Balance
	Beginning Balance			**438,676.77**
10/30/12	.01000%30 DAYS,BAL= 438676		3.61	438,680.38
10/31/12	.01000% 1 DAYS,BAL= 438680		0.12	438,680.50
	Ending Balance			**438,680.50**

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CITY OF BELL

STATEMENT OF INVESTMENT POLICY

CITY OF BELL
2005
STATEMENT OF INVESTMENT POLICY

PURPOSE

This statement is intended to provide a guideline for the prudent investment of funds and to outline the policies for maximizing the efficiency of the City of Bell and its component units ("Entity") cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled funds. This investment policy has been prepared so as to be in conformance with all pertinent existing laws of the State of California for General Law cities.

OBJECTIVE

The goal of the City's investment policy is to enable the City to invest funds to enhance the economic status while protecting its pooled cash. The City attempts to obtain a market rate of interest without assuming undue risk to principal. The objective of such investments is: 1) preservation of capital with maintenance of liquidity; and 2) a competitive rate of return.

SCOPE

This investment policy applies to all financial assets of the Entity. There are two separate categories of funds for investment purposes:

1. General Operating/Capital Improvement Funds-Those funds that are utilized for the maintenance and operation and those funds that are being held for capital improvement projects.
2. Debt Service Funds- Those funds that are held in reserve for a long-term financial document.

The Entity attempts to obtain the highest yield obtainable, as long as investments meet the established criteria of safety and liquidity. The Entity strives to maintain a level of investment of all funds as near to 100% as possible.

Investments of funds held by the Fiscal Agents/Trustees in connection with debt instruments are governed by the indenture.

DELEGATION OF AUTHORITY

The authority of the legislative body to invest or to reinvest funds of the Entity is delegated to the City Treasurer in accordance with State Statutes.

INVESTMENT RESPONSIBILITY/REPORTING

Investments are the responsibility of the City Treasurer. The City Treasurer shall be responsible for reporting the status of investments to the City Council and the Chief Administrative Officer on a monthly basis in a format shown in Attachment A. In addition, to be in compliance with the California Government Code, a report will be submitted to City Council not later than thirty (30) days after the end of the quarter which shows the type of investment, institution, cost, par, market value, interest rate, date of maturity, and source of market value for all investments of more than twelve months. The report will contain a certification regarding the compliance of investments with the Entity's investment policy and disclosure regarding the availability to provide sufficient liquidity to meet six months of estimated expenditures.

PRUDENCE

The standard of prudence to be applied by the City Treasurer shall be the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, description and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as the probable income to be derived." The prudent investor rule shall be applied in the context of managing the overall portfolio.

INVESTMENT CRITERIA

Criteria for selecting investments and the order of priority are:

1. SAFETY

The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in the investments that are considered very safe.

2. LIQUIDITY

This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occurs occasionally.

3. YIELD

Yield is the potential dollar earning an investment can provide and sometimes is described as the rate of return.

INVESTMENT INSTRUMENTS

California cities may invest in any investment allowable under current legislation of the State of California (Government Code Section 53600 et al.) so long as the investment is appropriate

when the City's investment objectives and policies are taken into consideration. For the fiscal years 2005-06 to 2009-10, the following investment types have been selected as permissible investments for the Entity:

- US Treasury Obligations (Bills, Notes and Bonds)
- US Government Agency Securities and Instrumentalities of Government Sponsored Corporations (except inverse floating rate securities and other derivative products)
- Banker's Acceptances
- Commercial Paper
- Certificates of Deposit
- Passbook Savings Accounts
- Interest Bearing Checking Accounts
- Intermediate Term Corporate Notes
- Money Markets
- Local Agency Investment Fund (State Pool)
- Shares of Beneficial Interest (Mutual Funds)

INVESTMENT POOLS

The City Treasurer has determined that use of investment pools is a practical investment option.

MATURITY LIMITATIONS

Every investment instrument purchased must have a term remaining to maturity of less than five years, unless the investment is for bond proceeds for the reserve fun or funded/capitalized interest fund or the City Council has granted express authority to make that investment either specifically or as part of an investment program approved by the City Council no less than three months prior to the investment. The average maturity of the City's total portfolio is to be managed so that money is always available when needed.

SAFEGUARDING OF ASSETS AND RECORDS

Securities purchased from broker/dealers will be delivered to our third-party safekeeping in City's name and control, whenever possible. The City Treasurer receives and reconciles the City's Investment Reports to the Trust Statements on a monthly basis. The City Treasurer and/or the designee perform reconciliation of the bank statements. The periodic review of the investment portfolio, including investment types, purchase price, market values, maturity dates, and investment yields as well as conformance to the stated investment policy will be performed by the Investment Committee.

QUALIFIED BROKER/DEALERS

The Entity shall transact business only with banks, savings and loans and with broker/dealers. At this time the only broker/dealer the Entity uses is Wells Fargo Bank in connection with the custodial agreement for the purchase of Certificates of Deposit. The Entity will require the Custodian to certify reading the investment policy annually. If the Entity should decide to use any other broker/dealer, the Entity will determine if the broker/dealer is qualified under the current government code and will supply the broker/dealer with a copy of this investment policy to inform them of the approved investments for this Entity. The Entity does not currently invest in securities that would require competitive bid, however, should the practice commence, a policy will be developed.

INVESTMENT COMMITTEE

An Investment Committee is established to review and make recommendations on the investment policy and investment strategy of the City of Bell to strengthen the internal control of the management of the City's idle funds. The following are the duties and the responsibilities of the Investment Committee:

Purpose

- To review and make recommendations on investment policy and investment strategy of the Entity.
- To review the Entity's investments on a monthly basis and to approve any exceptions to the policy.

Composition of Committee

1. Chief Administrative Officer
2. City Council Member (selected by the City Council)
3. City Treasurer

Functions

Annually- To review and approve the Entity's Investment Policy

Monthly- To review the Entity's investments made during the month

To recommend Policy modifications to the Investment Policy

To develop and carry out the ongoing investment strategy in accordance with the Investment Policy

Quarterly- To review the quarterly investment report submitted by the City Treasurer.

The function of the Committee is not to inhibit the daily operation of the City Treasurer, but to give him/her the guidelines to work within on a day-to-day basis. By this, it is meant that each individual trade need not be approved by this Committee at the time it is transacted, provided that it falls within the scope of the Policy and Investment Strategy.

MONITORING AND ADJUSTING THE PORTFOLIO

The City Treasurer will routinely monitor the contents of the portfolio, the available markets and the relative values of competing instruments and will adjust the portfolio accordingly based on the approved Investment Policy.

BOND FUNDS/ARBITRAGE

The US Tax Reform Act of 1986 requires the Entity to perform annual arbitrage calculations and rebate excess earnings to the US Treasury from investments of proceeds of bond issues sold after the effective date of this law. This arbitrage calculation may be contracted with an outside source to provide the necessary technical assistance to comply with this regulation. Investable funds subjects to the 1986 Tax Reform Act will be kept segregated from other funds and records will be kept in a fashion to facilitate the calculations. The Entity's investment position relative to the new arbitrage restrictions is to continue pursuing the maximum yield on applicable investments while ensuring the safety of capital and liquidity. It is a fiscally sound position to continue maximization of yield and to rebate excess earnings, if necessary.

REVIEW AND/OR MODIFICATION

The Investment Committee shall be responsible for reviewing and modifying investment guidelines as conditions warrant and submit same for re-approval to the City Council at least on an annual basis. However, the City Treasurer may, at any time, further restrict the items approved for purchase as deemed appropriate.

INTERNAL CONTROLS

The City Treasurer shall establish the investment function organized in a manner so that specific responsibility for the performance of duties is assigned with a clear line of authority and reporting. The function of authorizing, executing and recording transactions, custody of investments and performing reconciliations are handled by separate persons to reduce the risk that a person is in a position to conceal errors or fraud in the normal course of duty.

While no internal control system, however elaborate, can guarantee absolute assurance that the Entity's assets are safeguarded, it is the intent of the Entity's internal control system to provide reasonable assurance that management of the investment function meets the Entity's objectives. There internal controls shall be reviewed annually by the independent auditor.

SEGREGATION OF RESPONSIBILITES

FUNCTION	RESPONSIBILITY
Develop formal Investment Policy	Fiscal Officer
Recommend modifications to Investment Policy	Chief Administrative Officer City Treasurer Investment Committee
Review formal Investment Policy and recommend a Council action	Investment Committee
Adopt formal Investment Policy	City Council
Select Investments	City Treasurer
Approve transactions	City Treasurer
Execute investment transactions	City Treasurer
Investment verification (match broker confirmation to City investment record)	Fiscal Officer
Record and reconcile investment transactions into City's accounting records	Fiscal Officer and/or designee
Reconcile investment records and bank statements	City Treasurer
Security	Time Certificates of Deposit may be maintained in the Entity's vault in the care of the City Treasurer. All other investment securities will be held in safekeeping in the trust department of the Entity's Depository bank, or other third party custodian as designated by the City Treasurer and City Council.

City of Bell
Agenda Report

DATE: 5 December 2012

TO: Mayor and Members of the City Council

FROM: Josh Betta, Finance Director

APPROVED BY: Doug Willmore, City Manager

SUBJECT: Appropriation from Sanitation Fund Reserves in the Amount of $970,000 and Authorization for Payment to Rehrig Pacific

RECOMMENDATION:

Appropriate $970,000 from Sanitation Fund reserves to the Fiscal Year 2012-2013 Budget and authorize payments in the same amount to Rehrig Pacific Company.

BACKGROUND:

On May 2, 2012 the City and Rehrig Pacific Company entered into a contract for the assembly and delivery of automated refuse collection carts. The contract also required that Rehrig Pacific reclaim old carts from residential addresses. Total compensation for the services was not to exceed $970,595.

On May 24th, Rehrig Pacific delivered carts to the City's staging area. Residential deliveries commenced on July 12th. The project concluded on July 27th. In the end, Rehrig Pacific delivered a total of 17,245 containers to Bell residents and reclaimed 11,710 containers from 5,855 residential addresses.

At the conclusion of Fiscal Year 2011-12 on June 30, 2012, the existing appropriation within the Sanitation Fund lapsed. The City did not take action to carryover the appropriation, nor did it re-budget the appropriation in the Fiscal Year 2012-13 Adopted Budget.

Because the appropriation lapsed at year end, the City does not have an available budget from which it can make the $952,972.32 invoice payment.

City management does not have the authority to amend the Adopted Budget. The City's Financial Policies stipulate that City Council approval is required for all new appropriations from fund balance.

DISCUSSION:

The Finance Department was presented Rehrig Pacific's invoice to the City in the amount of $952,972.32 in October 2012. This invoice represents 98% of the contract amount. The remaining approximate $17,000 will be billed after the final 500 collection carts are delivered to the City.

The delay in presenting the invoice is apparently attributable to the requirement on the part of Community Services staff to verify that Rehrig Pacific had completed the work according to

contract specifications. Verification was made through the assistance of Waste Management Systems, LLC, a contractor engaged by Interim City Manager Arne Croce in Fiscal Year 2012.

FISCAL IMPACT:

The recently-completed Fiscal Year 2009-2010 audit revealed that the Sanitation Fund reserve position is $718,136 at June 30, 2010. Review of the un-audited financial activity in FY 2010-2011 and FY 2011-2012 suggests that available reserves on July 1, 2012 – the beginning date of the current fiscal year – may reach $1.8 million.

The City's FY 2013 Adopted Budget estimated the reserve position of the Sanitation Fund to be $1,173,000.

It is reasonable, in this manner, to conclude that the Sanitation Fund possess between $1.2 million and $1.8 million at this writing, an amount sufficient to effectuate the contractual obligation to Rehrig Pacific.

ATTACHMENTS

Verification Letter from Waste Systems Management, LLC

WASTE SYSTEMS MANAGEMENT, LLC

October 2, 2012

Rehrig Pacific was awarded the contract for Automated Collection Carts, which included the new cart delivery & old cart reclamation. Both parties executed the contract in May of 2012. Rehrig Pacific delivered carts to the staging yard beginning on May 24th. The residential roll out started on July 12th with new carts being delivered to approximately 1/3 of the homes and the existing carts were reclaimed the following day. Rehrig Pacific followed the Thursday drop-off and Friday reclamation format for three weeks, as requested by the City of Bell after execution of the contract, and the project concluded on July 27th. When the dust finally settled, Rehrig Pacific delivered a total of 17,245 containers to the residents or Bell and reclaimed 11,710 containers from 5,855 residential addresses.

Just before the start of the project, it was discovered that Consolidated would need to provide 65-gallon black trash carts per the contract to any residents that requested them. The cart RFP did not include black 65-gallon carts in the bid, only black 95-gallon. For that reason, Rehrig Pacific held off on the delivery of the final 500 blue 65-gallon carts to the staging yard at the City's request. Rehrig Pacific is still awaiting the final instructions from the City to determine if the final 500 carts can ship in as blue or if they need to produce black 65-gallon carts instead.

With the exception of delivering the remaining 500 Carts to Consolidated Services, Rehrig Pacific has fulfilled all aspects of the agreement and their proposal. Rehrig Pacific went above and beyond the requirements of the RFP.

Please let me know if you need anything further.

Jeff Duhamel
Principal
Cell - (562) 754-1609