

AMENDED AGENDA

City Council Regular Meeting

Regular Meeting
Tuesday, December 17, 2019
6:00 PM
City Council Chambers



Mayor Nancy Hersman
Mayor Pro Tem Richard Montgomery
Councilmember Suzanne Hadley
Councilmember Hildy Stern
Councilmember Steve Napolitano

Executive Team

Bruce Moe, City Manager
Quinn Barrow, City Attorney

Derrick Abell, Police Chief
Steve Charelian, Finance Director
Daryn Drum, Fire Chief
Jeffery Gibson, Interim Community Development Director
Patrick Griffin, Interim Information Technology Director

Lisa Jenkins, Human Resources Director
Stephanie Katsouleas, Public Works Director
Mark Leyman, Parks and Recreation Director
Liza Tamura, City Clerk

MISSION STATEMENT:

**Our mission is to provide excellent municipal services,
preserve our small beach town character, and enhance the quality of life for our
residents, businesses and visitors.**

December 17, 2019

City Council Meeting Agenda Packet:

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MANHATTAN BEACH'S CITY COUNCIL WELCOMES YOU!

Your presence and participation contribute to good city government.

By your presence in the City Council Chambers, you are participating in the process of representative government. To encourage that participation, this agenda provides an early opportunity for public comments under "Public Comments," at which time speakers may comment on any matter within the subject matter jurisdiction of the City Council, including items on the agenda.

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are available for review on the City's website at www.citymb.info, the Police Department located at 420 15th Street, and are also on file in the Office of the City Clerk for public inspection. Any person who has any question concerning any agenda item may call the City Clerk's office at (310) 802-5056.

Meetings are broadcast live through Manhattan Beach Local Community Cable, Channel 8 (Spectrum), Channel 35 (Frontier), and live streaming via the City's website.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Office of the City Clerk at (310) 802-5056 (voice) or (310) 546-3501 (TDD). Notification 36 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting. The City also provides closed captioning of all its Regular City Council Meetings for the hearing impaired.

CERTIFICATION OF MEETING NOTICE AND AMENDED AGENDA POSTING

I, Liza Tamura, City Clerk of the City of Manhattan Beach, California, state under penalty of perjury that this notice/amended agenda was posted on Friday, December 13, 2019, on the City's Website and on the bulletin boards of City Hall, Joslyn Community Center and Manhattan Heights.

BELOW ARE THE AGENDA ITEMS TO BE CONSIDERED. THE RECOMMENDED COUNCIL ACTION IS LISTED IMMEDIATELY AFTER THE TITLE OF EACH ITEM IN BOLD CAPITAL LETTERS.

A. PLEDGE TO THE FLAG

B. ROLL CALL

C. CEREMONIAL CALENDAR

1. Presentation of a Plaque to Outgoing Interim Community Development Director Jeffery Gibson. [19-0509](#)
PRESENT
2. Presentation of a Commendation Recognizing James Muth, Laurie Jester and Eve Kelso on Their Retirement. [19-0506](#)
PRESENT

D. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES

This is the time for the City Council to: (a) notify the public of any changes to the agenda; (b) remove items from the consent calendar for individual consideration; or (c) rearrange the order of the agenda.

MOTION TO APPROVE AGENDA AND WAIVE FULL READING

E. CITY COUNCIL AND COMMUNITY ORGANIZATION ANNOUNCEMENTS OF UPCOMING EVENTS (1 MINUTE PER PERSON)

City Councilmembers and community organization representatives may inform the public about upcoming events.

F. PUBLIC COMMENTS (3 MINUTES PER PERSON)

Speakers may provide public comments on any matter that is within the subject matter jurisdiction of the City Council, including items on the agenda. The Mayor may determine whether an item is within the subject matter jurisdiction of the City Council. While all comments are welcome, the Brown Act does not allow City Council to take action on any item not on the agenda.

Each speaker may speak for up to 3 minutes. This is also the time for speakers to comment on items on the consent calendar that have not been previously removed by the City Council during approval of the agenda for individual consideration. For public hearings, speakers are encouraged to speak during the public hearing, if they want their comments to be included in the record for the public hearing.

Please complete the "Request to Address the City Council" card by filling out your name, city of residence, the item(s) you would like to offer public comment, and returning it to the City Clerk.

G. CONSENT CALENDAR (APPROVE)

Items on the Consent Calendar are routine and customary items and are enacted by a single motion with the exception of items previously removed by a member of the City Council during "Approval of the Agenda" for individual consideration. Any items removed shall be individually considered immediately after taking action on the Consent Calendar.

3. City Council Minutes:

[19-0406](#)

This Item Contains Minutes of the Following City Council Meeting(s):

a) City Council Adjourned Regular Meeting Minutes (Closed Session) of December 3, 2019

b) City Council Special Meeting Minutes (Closed Session) of December 3, 2019

c) City Council Regular Meeting Minutes of December 3, 2019
(City Clerk Tamura).

APPROVE

Attachments: [City Council Adjourned Regular Meeting Minutes \(Closed Session\) of December 3, 2019](#)
[City Council Special Meeting Minutes \(Closed Session\) of December 3, 2019](#)
[City Council Regular Meeting Minutes of December 3, 2019](#)

-
4. Financial Report: [19-0463](#)
Schedule of Demands: November 7, 2019 (Finance Director Charelian).
ACCEPT REPORT AND DEMANDS
Attachments: [Schedule of Demands for November 7, 2019](#)
5. Consider Adopting a Resolution Approving Amendment No. 2 Extending [19-0494](#)
the Professional Services Agreement with Granicus Inc. for One Year to
Provide Citizen Engagement Services in the Budgeted Amount of
\$90,363.77 (City Clerk Tamura and Interim Information Technology Director
Griffin).
ADOPT RESOLUTION NO. 19-0115 APPROVING AN AMENDMENT
Attachments: [Resolution No. 19-0115](#)
[Amendment No. 2 - Granicus](#)
[Agreement - Granicus \(2018\)](#)
[Amendment No. 1 - Granicus \(2019\)](#)
[Agreement – Vision Technology Solutions, LLC. DBA Vision \(2018\)](#)
6. Fiscal Year 2018-2019 Comprehensive Annual Financial Report (Finance [19-0483](#)
Director Charelian).
RECEIVE AND FILE
Attachments: [Fiscal Year 2018-2019 Comprehensive Annual Financial Report \(CAFR\)](#)
[Fiscal Year 2018-2019 General Fund and Enterprise Fund Summary
Results](#)
[Report on Internal Control \(Management Letter\)](#)
[Audit Communication Letter](#)
7. Consider Adopting a Resolution Approving Amendment No. 1 with Vital [19-0433](#)
Medical Services for On-Call Non-Emergency Medical Services for
In-Custody Arrestees to Increase the Not-to-Exceed Cap from \$45,000 to
\$290,000 and Authorizing Payment of \$13,132 (Police Chief Abell).
ADOPT RESOLUTION NO. 19-0109 APPROVING AN AMENDMENT
Attachments: [Resolution No. 19-0109](#)
[Amendment No. 1 - Vital Medical Services](#)
[Agreement - Vital Medical Services \(2018\)](#)

8. Consider Adoption of Urgency Ordinance No. 19-0019-U and Urgency Ordinance No. 19-0020-U for Amendments to the Municipal Code and Local Coastal Program (LCP), Requiring an Equal Number of Replacement Units for Residential Dwelling Units that are Demolished (Interim Community Development Director Gibson). [19-0504](#)
- ADOPT URGENCY ORDINANCE NOS. 19-0019-U AND 19-0020-U AMENDING THE MUNICIPAL CODE AND THE CITY'S LOCAL COASTAL PROGRAM REGARDING REPLACEMENT HOUSING**
- Attachments:** [Urgency Ordinance No. 19-0019-U \(Municipal Code\)](#)
[Urgency Ordinance No. 19-0020-U \(Local Coastal Program\)](#)
9. Consider: 1) Adopting Resolution 19-0117: Awarding a Construction Agreement to PALP, Inc. DBA Excel Paving Company for the Street Resurfacing Project - Cycle 1 for \$1,329,859; Approving the Plans and Specifications for the Project; and Authorizing the City Manager to Approve Additional Work, if Necessary, for up to \$164,903; 2) Adopting Resolution No. 19-0118 Awarding an Inspection Services Agreement to Quantum Quality Consulting, Inc. for the Project for \$75,250; and 3) Appropriating \$108,021 from the Gas Tax Fund Unreserved Fund Balance (Public Works Director Katsouleas). [19-0461](#)
- a) **ADOPT RESOLUTION NOS. 19-0117 AND 19-0118 APPROVING AGREEMENTS**
- b) **APPROPRIATE FUNDS**
- Attachments:** [Resolution No. 19-0117 Agreement - PALP, Inc. DBA Excel Paving Company Bid Proposal](#)
[Resolution No. 19-0118 Agreement - Quantum Consulting, Inc. Location Map](#)
[Plans and Specifications \(Web-Link Provided\)](#)
[Budget and Expenditures Summary](#)
10. Consider Adopting a Resolution Awarding a Three-Year Agreement, with Two Optional One-Year Renewals, to West Coast Arborists, Inc. for Tree Care Services at an Annual Not-to-Exceed Rate of \$298,000 (Public Works Director Katsouleas). [19-0477](#)
- ADOPT RESOLUTION NO. 19-0119 APPROVING AN AGREEMENT**
- Attachments:** [Resolution No. 19-0119 Agreement – West Coast Arborists, Inc.](#)

11. Consider Adopting a Resolution Approving Amendment No. 1 to the Agreement with McGowan Consulting, LLC for \$93,043 for Professional Services to assist the City and the Beach Cities Watershed Management Group with Storm Water National Pollutant Discharge Elimination System Permit Requirements (Public Works Director Katsouleas). [19-0484](#)

ADOPT RESOLUTION NO. 19-0113 APPROVING AN AMENDMENT

Attachments: [Resolution No. 19-0113](#)
[Amendment No. 1 - McGowan Consulting, LLC.](#)
[Agreement - McGowan Consulting, LLC. \(2019\)](#)
[Updated Budget](#)

12. Consider Adopting a Resolution Awarding a General Services Agreement to Reliable Water Solutions, LLC for \$311,260 for Flushing and Disinfection Services of 110 Miles of the City's Potable Water System (Public Works Director Katsouleas). [19-0479](#)

ADOPT RESOLUTION NO. 19-0114 APPROVING AN AGREEMENT

Attachments: [Resolution No. 19-0114](#)
[Agreement - Reliable Water Solutions, LLC.](#)

H. ITEMS REMOVED FROM THE CONSENT CALENDAR

Each speaker may speak for up to 2 minutes on each item pulled from the agenda.

I. PUBLIC HEARINGS

At the discretion of the Mayor, each speaker may speak for up to 3 minutes on each public hearing item.

13. Consider a Resolution Adopting the Third Addendum to the Environmental Impact Report and Modifying Conditions of Approval in the Manhattan Village Shopping Center's Master Use Permit to Allow: (1) Fitness Studios and (2) Ancillary Off-Site Alcohol Sales for up to Four Restaurants (1180-1200 Rosecrans Avenue and 2600-2600 Sepulveda Boulevard) (Interim Community Development Director Gibson). [19-0498](#)

a) CONDUCT PUBLIC HEARING

b) ADOPT RESOLUTION NO. 19-0120

Attachments: [Resolution No. 19-0120](#)
[Planning Commission Agenda Items and Minutes \(October 9, 2019\)](#)
[Vicinity Map](#)
[Applicant's Application](#)
[Appellant's Appeal Application](#)
[City Council Resolution No. 14-0026 \(December 2014\)](#)
[Third Addendum – Environmental Impact Report \(October 2019\)](#)

APPEAL WITHDRAWN BY APPELLANT, THERE WILL BE NO PUBLIC HEARING.

J. GENERAL BUSINESS

Each speaker may speak for up to 2 minutes on each general business item.

14. Consider Adopting an Urgency Ordinance No. 19-0021-U and Urgency Ordinance No. 19-0022-U for Amendments to the Municipal Code and Local Coastal Program (LCP), Regulating Accessory Dwelling Units (ADU's) and Junior Accessory Dwelling Units (JADUs) Consistent with New State Requirements (Interim Community Development Director Gibson). [19-0505](#)
- ADOPT URGENCY ORDINANCE NOS. 19-0021-U AND 19-0022-U
AMENDING THE MUNICIPAL CODE AND THE CITY'S LOCAL
COASTAL PROGRAM REGARDING ACCESSORY DWELLING
UNITS**

Attachments: [Urgency Ordinance No. 19-0021-U \(Municipal Code\)](#)
[Urgency Ordinance No. 19-0022-U \(Local Coastal Program\)](#)
[State Accessory Dwelling Units Amendment - Government Code Section 65852.2](#)

15. Consider Introducing an Ordinance to Prohibit the Sale of Tobacco Products in the City and Discuss and Provide Direction Relating to Incentives for Tobacco Retailers (City Manager Moe and City Attorney Barrow). [19-0465](#)
- a) **INTRODUCE ORDINANCE NO. 19-0016**
b) **DISCUSS AND PROVIDE DIRECTION**

Attachments: [Draft Ordinance No. 19-0016](#)
[An Argument for Phasing Out Sales of Cigarettes \(September 2019\)](#)

16. Review Pedestrian Safety Measures and Consider Transferring \$200,000 from the General Fund Unreserved Fund Balance to the CIP Fund and Appropriating Those Funds for Assessment, Design, and Implementation Services (Public Works Director Katsouleas). [19-0497](#)
- a) **DISCUSS AND PROVIDE DIRECTION**
b) **APPROPRIATE FUNDS AND APPROVE FUNDS TRANSFER**

Attachments: [Location Map](#)
[PowerPoint Presentation](#)

K. CITY COUNCIL REQUESTS AND REPORTS INCLUDING AB 1234 REPORTS

In addition to providing reports of meetings and conferences attended by Councilmembers in connection with their official duties at City expense as required by AB 1234, Councilmembers requested at a previous City Council meeting that the following item(s) be placed on the agenda for discussion.

L. FUTURE AGENDA ITEMS

Councilmembers may request that items be placed on a future agenda with the concurrence of one other Councilmember.

17. Agenda Forecast (City Clerk Tamura).
DISCUSS AND PROVIDE DIRECTION

[19-0407](#)

Attachments: [December 11, 2019 Agenda Forecast](#)

M. CITY MANAGER REPORT

N. CITY ATTORNEY REPORT

O. INFORMATIONAL ITEMS

This section is for items that do not require City Council action.

18. Commission Minutes:
This Item Contains Minutes of the following City Commission Meetings:
a) PPIC Minutes of October 24, 2019 (Interim Community Development Director Gibson)
b) Parks and Recreation Commission Meeting Minutes of October 28, 2019 (Parks and Recreation Director Leyman)
c) Library Commission Meeting Minutes of November 4, 2019 (Parks and Recreation Director Leyman)
d) Planning Commission Action Meeting Minutes of November 13, 2019 (Interim Community Development Director Gibson).

[19-0510](#)

INFORMATION ITEM ONLY

Attachments: [PPIC Minutes of October 24, 2019](#)
[Parks and Recreation Commission Meeting Minutes of October 28, 2019](#)
[Library Commission Meeting Minutes of November 4, 2019](#)
[Planning Commission Action Meeting Minutes of November 13, 2019](#)

P. CLOSED SESSION

Q. ADJOURNMENT

R. FUTURE MEETINGS**CITY COUNCIL MEETINGS**

January 6, 2020 - Monday -- 6:00 PM - Joint Meeting City Council/Parks and Recreation Commission, Cultural Arts Commission and Library Commission

January 7, 2020 - Tuesday -- 6:00 PM - City Council Meeting

January 15, 2020 - Wednesday -- 6:00 PM - Joint Meeting City Council/Planning Commission and Parking and Public Improvements Commission

January 21, 2020 - Tuesday -- 6:00 PM - City Council Meeting

February 4, 2020 - Tuesday -- 6:00 PM - City Council Meeting

February 18, 2020 - Tuesday -- 6:00 PM - City Council Meeting

March 3, 2020 - Tuesday -- 6:00 PM - City Council Meeting (Reorganization)

March 17, 2020 - Tuesday -- 6:00 PM - City Council Meeting

April 7, 2020 - Tuesday -- 6:00 PM - City Council Meeting

April 21, 2020 - Tuesday -- 6:00 PM - City Council Meeting

April 28, 2019 - Tuesday -- TBD - Boards and Commissions Interviews

May 5, 2020 - Tuesday -- 6:00 PM - City Council Meeting

May 19, 2020 - Tuesday -- 6:00 PM - City Council Meeting

June 2, 2020 - Tuesday -- 6:00 PM - City Council Meeting

June 16, 2020 - Tuesday -- 6:00 PM - City Council Meeting

July 7, 2020 - Tuesday -- 6:00 PM - City Council Meeting

July 21, 2020 - Tuesday -- 6:00 PM - City Council Meeting

August 4, 2020 - Tuesday -- 6:00 PM - City Council Meeting

August 18, 2020 - Tuesday -- 6:00 PM - City Council Meeting

September 1, 2020 - Tuesday -- 6:00 PM - City Council Meeting

September 15, 2020 - Tuesday -- 6:00 PM - City Council Meeting

October 6, 2020 - Tuesday -- 6:00 PM - City Council Meeting

October 20, 2020 - Tuesday -- 6:00 PM - City Council Meeting

November 5, 2020 - Wednesday -- 6:00 PM - City Council Meeting (General Municipal Elections)

November 17, 2020 - Tuesday -- 6:00 PM - City Council Meeting

December 1, 2020 - Tuesday -- 6:00 PM - City Council Meeting (Reorganization)

December 15, 2020 - Tuesday -- 6:00 PM - City Council Meeting

BOARDS, COMMISSIONS AND COMMITTEE MEETINGS

December 23, 2019 - Monday - 6:00 PM - Parks and Recreation Commission Meeting
December 25, 2019 - Wednesday - 6:00 PM - Planning Commission Meeting
January 8, 2019 - Wednesday - 6:00 PM - Planning Commission Meeting
January 13, 2019 - Monday - 6:00 PM - Library Commission Meeting
January 20, 2019 - Monday - 6:00 PM - Cultural Arts Commission Meeting
January 22, 2019 - Wednesday - 6:00 PM - Planning Commission Meeting
January 23, 2019 - Thursday - 6:00 PM - Parking and Public Improvements Commission
January 27, 2019 - Monday - 6:00 PM - Parks and Recreation Commission Meeting
February 10, 2020 - Monday - 6:00 PM - Library Commission Meeting
February 12, 2020 - Wednesday - 6:00 PM - Planning Commission Meeting
February 17, 2020 - Monday - 6:00 PM - Cultural Arts Commission Meeting
February 24, 2020 - Monday - 6:00 PM - Parks and Recreation Commission Meeting
February 26, 2020 - Wednesday - 6:00 PM - Planning Commission Meeting
February 27, 2020 - Thursday - 6:00 PM - Parking and Public Improvements Commission
March 9, 2020 - Monday - 6:00 PM - Library Commission Meeting
March 11, 2020 - Wednesday - 6:00 PM - Planning Commission Meeting
March 16, 2020 - Monday - 6:00 PM - Cultural Arts Commission Meeting
March 23, 2020 - Monday - 6:00 PM - Parks and Recreation Commission Meeting
March 25, 2020 - Wednesday - 6:00 PM - Planning Commission Meeting
March 26, 2020 - Thursday - 6:00 PM - Parking and Public Improvements Commission

S. CITY OFFICES CLOSED**CITY HOLIDAYS:**

December 25, 2019 - Wednesday - Christmas Day Observed
January 1, 2020 – Wednesday – New Years Day Observed
January 20, 2020 – Monday – Martin Luther King Day
February 17, 2020 - Monday - Presidents Day
May 25, 2020 – Monday – Memorial Day
July 4, 2020 - Friday - Independence Day
September 7, 2020 - Monday - Labor Day
October 12, 2020 – Monday – Columbus Day
November 11, 2020 – Wednesday – Veterans Day
November 26-27, 2020 - Thursday & Friday - Thanksgiving Holiday

Agenda Date: 12/17/2019

TO:

Members of the City Council

FROM:

Mayor Hersman

SUBJECT:

Presentation of a Plaque to Outgoing Interim Community Development Director Jeffery Gibson.

PRESENT

**The City Council of the City of Manhattan Beach
Does Hereby Proudly Recognize
Jeffery Gibson
for His Dedicated Service as
Interim Community Development Director
for the City of Manhattan Beach.**

Agenda Date: 12/17/2019

TO:

Members of the City Council

FROM:

Mayor Hersman

SUBJECT:

Presentation of a Commendation Recognizing James Muth, Laurie Jester and Eve Kelso on Their Retirement.

PRESENT

**The City Council of the City of Manhattan Beach
Does Hereby Proudly Recognize
the Following Employees
for Their Dedicated Service to
the City of Manhattan Beach.**

**James Muth, Fire Marshal/Captain (22 Years) - Fire Department
Laurie Jester, Planning Manager (19 Years)-Community Development Department
Eve Kelso, Recreation Manager (17 Years)-Parks and Recreation Department**

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Liza Tamura, City Clerk

Martha Alvarez, Senior Deputy City Clerk

SUBJECT:

City Council Minutes:

This Item Contains Minutes of the Following City Council Meeting(s):

- a) City Council Adjourned Regular Meeting Minutes (Closed Session) of December 3, 2019
- b) City Council Special Meeting Minutes (Closed Session) of December 3, 2019
- c) City Council Regular Meeting Minutes of December 3, 2019
(City Clerk Tamura).

APPROVE

RECOMMENDATION:

The attached minutes are for City Council approval:

Attachment(s):

- 1. City Council Adjourned Regular Meeting Minutes (Closed Session) of December 3, 2019
- 2. City Council Special Meeting Minutes (Closed Session) of December 3, 2019
- 3. City Council Regular Meeting Minutes of December 3, 2019

City of Manhattan Beach

1400 Highland Avenue
Manhattan Beach, CA 90266



Meeting Minutes - Draft

Tuesday, December 3, 2019

5:00 PM

Closed Session

City Council Chambers

City Council Adjourned Regular Meeting

Mayor Nancy Hersman
Mayor Pro Tem Richard Montgomery
Councilmember Suzanne Hadley
Councilmember Hildy Stern
Councilmember Steve Napolitano

PLEASE NOTE THAT THE CITY ARCHIVES THE VIDEO RECORDINGS OF ALL REGULAR CITY COUNCIL MEETINGS AND THE VIDEO FOR THIS MEETING IS HEREBY INCORPORATED BY THIS REFERENCE. ALSO IN SUPPORT OF MORE TRANSPARENCY AND THE AMERICANS WITH DISABILITIES ACT (ADA) COMPLIANCE, THE CITY OFFERS CLOSED CAPTIONING FOR REGULAR CITY COUNCIL MEETINGS. FOR A COMPLETE RECORD OF THIS CITY COUNCIL MEETING, GO TO:

www.citymb.info/departments/city-clerk/city-council-meetings-agendas-and-minutes

A. CALL MEETING TO ORDER

At 5:01 PM, Mayor Hersman called the meeting to order.

B. PLEDGE TO THE FLAG

Mayor Pro Tem Montgomery led the Pledge of Allegiance.

C. ROLL CALL

Present 5 - Mayor Hersman, Mayor Pro Tem Montgomery, Councilmember Hadley, Councilmember Stern and Councilmember Napolitano

D. PUBLIC COMMENTS (3 MINUTES PER PERSON)

Mayor Hersman opened the floor to public comment.

Seeing no requests to speak, Mayor Hersman closed the floor to public comments.

E. ANNOUNCEMENT IN OPEN SESSION OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

City Attorney Quinn Barrow announced the following Closed Session.

**I. CONFERENCE WITH LEGAL COUNSEL (ANTICIPATED LITIGATION)
(Government Code Section 54956.9(d)(4))**

Based on existing facts and circumstances, the Manhattan Beach City Council is considering whether to initiate litigation.

Number of Cases: 1

**II. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
(Government Code Section 54956.8)**

Property to be Discussed:

**1727 Artesia Boulevard, Manhattan Beach, CA 90266
(Aviation Boulevard Right Turn Lane Project at Artesia Boulevard)**

City Negotiators:

City Attorney and City Manager

Negotiating Parties:

Rose M. Ketsхойian, as Trustee of the Angeles Gendian Trust

Under Negotiation: Price and Terms of Payment

**III. CONFERENCE WITH LEGAL COUNSEL (EXISTING LITIGATION)
(Government Code Section 54956.9(d)(1))**

**Name of Case: City of Manhattan Beach v Southern California Edison Company (Ashplundh Construction Corp)
Los Angeles Superior Court**

Case No: 19STCV35751

F. RECESS INTO CLOSED SESSION

At 5:03 PM, Mayor Hersman announced that City Council would recess into Closed Session.

G. RECONVENE INTO OPEN SESSION

At 6:00 PM, the City Council reconvened into Open Session with all Councilmembers present.

H. CLOSED SESSION ANNOUNCEMENT IN OPEN SESSION

City Attorney Quinn Barrow announced the following:

Agenda Item No. I, no reportable action was taken.

Agenda Item No. II, by a 5-0 vote, City Council gave direction.

Agenda Item No. III, by a 5-0 vote, City Council gave direction.

There was no other reportable action taken.

I. ADJOURNMENT

At 6:02 PM Mayor Hersman adjourned the meeting.

Martha Alvarez
Recording Secretary

Nancy Hersman
Mayor

ATTEST:

Liza Tamura
City Clerk

City of Manhattan Beach

1400 Highland Avenue
Manhattan Beach, CA 90266



Meeting Minutes - Draft

Tuesday, December 3, 2019

5:00 PM

Closed Session

City Council Chambers

City Council Special Meeting

*Mayor Nancy Hersman
Mayor Pro Tem Richard Montgomery
Councilmember Suzanne Hadley
Councilmember Hildy Stern
Councilmember Steve Napolitano*

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www.citymb.info/departments/city-clerk/city-council-meetings-agendas-and-minutes**

A. CALL MEETING TO ORDER

At 5:01 PM, Mayor Hersman called the meeting to order.

B. PLEDGE TO THE FLAG

Mayor Pro Tem Montgomery led the Pledge of Allegiance.

C. ROLL CALL

Present 5 - Mayor Hersman, Mayor Pro Tem Montgomery, Councilmember Hadley, Councilmember Stern and Councilmember Napolitano

D. PUBLIC COMMENTS (3 MINUTES PER PERSON)

Mayor Hersman opened the floor to public comment.

Seeing no requests to speak, Mayor Hersman closed the floor to public comments.

E. ANNOUNCEMENT IN OPEN SESSION OF ITEMS TO BE DISCUSSED IN CLOSED SESSION

City Attorney Quinn Barrow announced the following Closed Session.

**CONFERENCE WITH LEGAL COUNSEL (EXISTING LITIGATION)
(Government Code Section 54956.9(d)(1))**

**Name of Case: City of Manhattan Beach v Mark J Rispler et al
Los Angeles Superior Court
Case No: BC712378**

F. RECESS INTO CLOSED SESSION

At 5:03 PM, Mayor Hersman announced that City Council would recess into Closed Session.

G. RECONVENE INTO OPEN SESSION

At 6:00 PM, the City Council reconvened into Open Session with all Councilmembers present.

H. CLOSED SESSION ANNOUNCEMENT IN OPEN SESSION

City Attorney Quinn Barrow announced that by a 4-1 vote (Nay - Councilmember Napolitano), City Council gave direction.

I. ADJOURNMENT

At 6:02 PM Mayor Hersman adjourned the meeting.

Martha Alvarez
Recording Secretary

Nancy Hersman
Mayor

ATTEST:

Liza Tamura
City Clerk

City of Manhattan Beach

1400 Highland Avenue
Manhattan Beach, CA 90266



Meeting Minutes - Draft

Tuesday, December 3, 2019

6:00 PM

Regular Meeting

City Council Chambers

City Council Regular Meeting

Mayor Nancy Hersman
Mayor Pro Tem Richard Montgomery
Councilmember Suzanne Hadley
Councilmember Hildy Stern
Councilmember Steve Napolitano

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www.citymb.info/departments/city-clerk/city-council-meetings-agendas-and-minutes**

A. PLEDGE TO THE FLAG & NATIONAL ANTHEM

Harrison Checketts, from Robinson Elementary School, led the Pledge of Allegiance.

The Mira Costa High School Choir performed the National Anthem.

B. ROLL CALL

Present: 5 - Mayor Hersman, Mayor Pro Tem Montgomery, Councilmember Hadley, Councilmember Stern and Councilmember Napolitano

C. CEREMONIAL CALENDAR

1. Recognition of Detective Don Brown for Being Nationally Recognized in Washington, D.C. as the Recipient of the 2018 Land Interdiction and Apprehension Award. [19-0474](#)

PRESENT

Mayor Hersman, on behalf of the City Council, along with Police Chief Derrick Abell, presented Detective Don Brown with a Certificate of Recognition for being nationally recognized in Washington, D.C. as the Recipient of the 2018 Land Interdiction and Apprehension Award.

2. Recognition of the Blankets of Love Participants for Their Longstanding Volunteer Work in the Community.

[19-0488](#)

PRESENT

Mayor Hersman, on behalf of the City Council, presented Certificates of Recognition to the following participants of Blankets of Love, for their longstanding volunteer work in the community:

*Founder:
Cyndi Strand*

*Members:
Laura Barbato
Paula Brissette
Nancy Cook
Marsha Ensminger
Robin Ferre
Elli Horne
Susan Iten
Bunny Kelso
Kayla Kilduff
Marcie Matika
Andrea Miller
Sally Morrow
Catherine Nall
Janet Page
Barbara Ravetti
Sylvia Rayner
Jeri Serota
Sheryl Tidus
Jeannette Wright*

D. APPROVAL OF AGENDA AND WAIVER OF FULL READING OF ORDINANCES

A motion was made by Mayor Pro Tem Montgomery, seconded by Mayor Hersman, to approve the agenda and waive full reading of ordinances. The motion carried by the following vote:

Aye: 5 - Hersman, Montgomery, Hadley, Stern and Napolitano

E. CITY COUNCIL AND COMMUNITY ORGANIZATION ANNOUNCEMENTS OF UPCOMING EVENTS (1 MINUTE PER PERSON)

Ashley White announced "Clear the Air: Get the Facts on Marijuana & Vaping," on December 5, 2019, from 6:00 PM - 7:30 PM, in Hermosa Beach City Council Chambers.

Mayor Pro Tem Montgomery announced the 27th Annual Beach Cities Toy Drive, on Saturday, December 21, 2019, at the Hermosa Beach Community Center and also announced the 31st Annual Skechers Manhattan Beach Holiday Fireworks, on Sunday, December 8, 2019.

F. PUBLIC COMMENTS (3 MINUTES PER PERSON)

Mayor Hersman opened the floor to public comment. The following individual(s) spoke:

- Elizabeth Horbay*
- Mike Michalski*
- Steve Packwood*
- John Austin*
- Mebedi Singh*
- Lynn Harris*
- Rose Austin*
- Jeff Drandeli*

Seeing no further requests to speak, Mayor Hersman closed the floor to public comments.

G. CONSENT CALENDAR (APPROVE)

A motion was made by Councilmember Hadley, seconded by Mayor Pro Tem Montgomery, to approve the Consent Calendar. The motion carried by the following vote:

Aye: 5 - Hersman, Montgomery, Hadley, Stern and Napolitano

- 3. City Council Minutes: [19-0404](#)
 This Item Contains Minutes of the Following City Council Meeting(s):
 a) City Council Adjourned Regular Meeting Minutes (Closed Session) of November 18, 2019
 b) City Council Regular Meeting Minutes of November 19, 2019 (City Clerk Tamura).

APPROVE

The recommendation for this item was approved on the Consent Calendar.

- 4. Financial Reports: [19-0462](#)
 a) Schedule of Demands October 24, 2019
 b) Investment Portfolio for the Month Ending October 31, 2019
 c) Month End Report for October 31, 2019 (Finance Director Charelian).

ACCEPT REPORTS AND DEMANDS

The recommendation for this item was approved on the Consent Calendar.

- 5. Update on the Mobile Source Air Pollution Reduction Review Committee (MSRC) Local Government Partnership Program Grant and Appropriate Funds (Public Works Director Katsouleas). [19-0476](#)
 a) **RECEIVE REPORT**
 b) **APPROPRIATE FUNDS**

The recommendation for this item was approved on the Consent Calendar.

6. Consider Adopting a Resolution Approving Amendment No. 1 to the Professional Design Services Agreement with Pacific Advanced Civil Engineering, Inc. (PACE) for the Larsson Street Booster Pump Station Upgrade Project for \$149,810 (Public Works Director Katsouleas). [19-0447](#)

ADOPT RESOLUTION NO. 19-0108

The recommendation for this item was approved on the Consent Calendar.

7. Consider Second Reading and Adopting an Ordinance Amending Manhattan Beach Municipal Code Chapter 7.28 - Undergrounding of Public Utility Facilities (Public Works Director Katsouleas). [19-0470](#)

ADOPT ORDINANCE NO. 19-0017

The recommendation for this item was approved on the Consent Calendar.

8. Formally Accept as Complete the Manhattan Avenue and Highland Avenue Pavement Rehabilitation and Curb Ramp Improvements Project Constructed by All American Asphalt; Authorize Filing a Notice of Completion with the County Recorder; and Approve Release of the Retention for \$51,978 (Public Works Director Katsouleas). [19-0458](#)

APPROVE

The recommendation for this item was approved on the Consent Calendar.

9. Consider Adopting a Resolution Approving Amendment No. 6 with HDR Engineering, Inc.'s Existing Professional Services Agreement for Continued Project Management and Engineering Technical Support Services for the Sepulveda Boulevard Bridge Widening Project in an Amount Not-to-Exceed \$89,000 (Public Works Director Katsouleas). [19-0487](#)

ADOPT RESOLUTION NO. 19-0112

The recommendation for this item was approved on the Consent Calendar.

10. Consider Adopting a Resolution Awarding RFP No. 1176-19 to Advanced Imaging Strategies Approving Five-Year Lease and Maintenance / Support Services Agreements for Multifunction (Copy, Scan, Print, Fax) Machines with an Estimated Value of \$160,000 Annually (Interim Information Technology Director Griffin). [19-0113](#)

ADOPT RESOLUTION NO. 19-0110

The recommendation for this item was approved on the Consent Calendar.

H. ITEMS REMOVED FROM THE CONSENT CALENDAR

None.

I. PUBLIC HEARINGS

- 11. Consider Adopting a Resolution Regarding an Application to Allow an Office Use on the Ground Floor of a Building Previously Occupied by a Bank at 1419 Highland Avenue (Zebrowski). [19-0471](#)
 - a) **CONDUCT PUBLIC HEARING DE NOVO**
 - b) **ADOPT RESOLUTION NO. 19-0111 CONDITIONALLY APPROVING THE USE PERMIT**

Community Development Department, Assistant Planner Ted Faturos provided the PowerPoint presentation and responded to City Council questions.

Mayor Hersman opened the floor to public comment. The following individual(s) spoke:

*Kelly Stroman
Tony Alcantez
Brett Zebrowski*

Seeing no further requests to speak, Mayor Hersman closed the floor to public comments.

City Attorney Quinn Barrow provided clarification.

Applicant Brett Zebrowski responded to City Council questions.

City Manager Bruce Moe provided clarification.

City Clerk Liza Tamura provided clarification.

A motion was made by Mayor Pro Tem Montgomery, seconded by Councilmember Napolitano, adopt Resolution No. 19-0111, approving a use permit allowing a ground floor office use at 1419 Highland Avenue (Zebrowski), as amended to include no amplified sound allowed and for staff to return with a one-year update. The motion carried by the following vote:

Aye: 5 - Hersman, Montgomery, Hadley, Stern and Napolitano

J. GENERAL BUSINESS

12. Consider Modifying Construction Hours on Saturdays (Interim Community Development Director Gibson). [19-0473](#)

RECEIVE REPORT AND PROVIDE DIRECTION

Interim Community Development Director Jeffery Gibson provided the staff presentation and responded to City Council questions.

Mayor Hersman opened the floor to public comment. The following individual(s) spoke:

*Lynn Harris
Rose Austin
Ray Joseph
Peter Peldione*

Seeing no further requests to speak, Mayor Hersman closed the floor to public comments.

City Council gave the following direction for staff to return with the following information:

-How many homes are under construction for the calendar years 2018 and 2019. The beginning date of construction will be based on when a permit is issued.

-How much additional time would be added to a project by modifying construction hours on Saturdays.

-Any Cities that have incentives for those projects that are completed quickly.

-Clarification for the types of construction discussed and define construction.

-Pros and cons of construction hours varying for different areas within the City.

At 8:11 PM City Council recessed and reconvened at 8:23 PM with all Councilmembers present.

13. Consider the Installation of Public WiFi for the Metlox Plaza (Interim Information Technology Director Griffin).

[19-0475](#)

DISCUSS AND PROVIDE DIRECTION

Interim Information Technology Director Patrick Griffin provided the staff presentation.

Interim Information Technology Director Griffin and City Manager Bruce Moe responded to City Council questions.

Mayor Hersman opened the floor to public comment.

Seeing no requests to speak, Mayor Hersman closed the floor to public comments.

A motion was made by Mayor Pro Tem Montgomery, to approve the installation of public WiFi at Metlox Plaza. The motion was withdrawn by Mayor Pro Tem Montgomery.

City Council directed staff to return with additional information regarding public WiFi for the Metlox Plaza as part of the upcoming budget process.

14. Quarterly Update on the Fiscal Year 2019-2020 City Council Work Plan (City Manager Moe).

[19-0489](#)

RECEIVE REPORT

Management Services, Senior Management Analyst George Gabriel provided a brief staff presentation.

Senior Management Analyst Gabriel, City Manager Bruce Moe, Interim Information Technology Director Patrick Griffin, Interim Community Development Director Jeffery Gibson and Police Chief Derrick Abell responded to City Council questions.

Mayor Hersman opened the floor to public comment.

Seeing no requests to speak, Mayor Hersman closed the floor to public comments.

This item was received and filed by order of the Chair.

K. CITY COUNCIL REQUESTS AND REPORTS INCLUDING AB 1234 REPORTS

15. City Council Requests.

Mayor Pro Tem Montgomery reported that he attended the National League of Cities - 2019 Annual Business Meeting, from November 20-23, 2019, in San Antonio, Texas, and provided a brief report on the conference.

16. Consider Request by Mayor Hersman and Councilmember Stern to Discuss a Street Sweeping Opt-Out Program for Residents and Businesses (Public Works Director Katsouleas).

[19-0490](#)

DISCUSS AND PROVIDE DIRECTION

Public Works Director Stephanie Katsouleas provided a brief staff report and responded to City Council questions.

Mayor Hersman opened the floor to public comment.

Seeing no requests to speak, Mayor Hersman closed the floor to public comments.

After City Council discussion, the City Council took no action.

17. Consider Request by Mayor Pro Tem Montgomery and Councilmember Napolitano to Consider a Fee Waiver Request for Third-Party Costs for the Manhattan Beach Fireworks (Parks and Recreation Director Leyman).

[19-0486](#)

DISCUSS AND PROVIDE DIRECTION

Parks and Recreation Director Mark Leyman provided a brief staff presentation and responded to City Council questions.

City Attorney Quinn Barrow provided clarification.

A motion was made by Mayor Pro Tem Montgomery, seconded by Councilmember Napolitano, to approve the fee waiver request for third-party costs for the Manhattan Beach Fireworks. The motion carried by the following vote:

Aye: 5 - Hersman, Montgomery, Hadley, Stern and Napolitano

L. FUTURE AGENDA ITEMS

18. Agenda Forecast (City Clerk Tamura).
DISCUSS AND PROVIDE DIRECTION

[19-0405](#)

None.

M. CITY MANAGER REPORT

None.

N. CITY ATTORNEY REPORT

None.

O. INFORMATIONAL ITEMS

19. Commission Minutes: [19-0493](#)

This Item Contains Minutes of the following City Commission Meetings and Subcommittee Meeting:

- a) PPIC Meeting Minutes of July 25, 2019 (Interim Community Development Director Gibson)
- b) PPIC Meeting Minutes of September 26, 2019 (Interim Community Development Director Gibson)
- c) Library Commission Meeting Minutes of October 7, 2019 (Parks and Recreation Director Leyman)
- d) Cultural Arts Commission Meeting Minutes of October 21, 2019 (Parks and Recreation Director Leyman)
- e) Planning Commission Action Meeting Minutes of October 23, 2019 (Interim Community Development Director Gibson)
- f) Finance Subcommittee Action Meeting Minutes of October 24, 2019 (Finance Director Charelian).

INFORMATION ITEM ONLY

This item was received and filed by order of the Chair.

P. CLOSED SESSION

None.

Q. ADJOURNMENT

At 9:23 PM, Mayor Hersman adjourned the meeting in memory of long time Manhattan Beach resident Anthony Napolitano and retired Manhattan Beach Police Chief Hugh O'Brien.

The meeting was adjourned to a 4:00 PM, Closed Session meeting, on Tuesday, December 17, 2019, in the City Council Chambers.

Martha Alvarez
Recording Secretary

Nancy Hersman
Mayor

ATTEST:

Liza Tamura
City Clerk

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Henry Mitzner, Controller

SUBJECT:

Financial Report:
Schedule of Demands: November 7, 2019 (Finance Director Charelian).

ACCEPT REPORT AND DEMANDS

RECOMMENDATION:

Staff recommends that the City Council accept the attached report and demands.

FISCAL IMPLICATIONS:

The financial report included herein is designed to communicate fiscal activity based upon adopted and approved budget appropriations. No further action of a fiscal nature is requested as part of this report.

The total value of the warrant registers for November 7, 2019, is \$3,660,862.07.

BACKGROUND:

Finance staff prepares a variety of financial reports for City Council and the Finance Subcommittee. A brief discussion of the attached report follows.

DISCUSSION:

Schedule of Demands:

Every two weeks staff prepares a comprehensive listing of all disbursements with staff certification that the expenditure transactions listed have been reviewed and are within budgeted appropriations.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

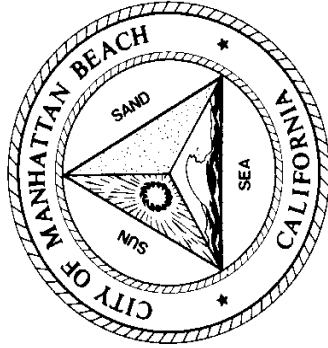
LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENT:

1. Schedule of Demands for November 7, 2019

City of Manhattan Beach



Schedule of Demands November 7, 2019

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT(S) WR 10A & 10B
DATED: 10/31/2019 & 11/07/2019

I HEREBY CERTIFY THAT THE CLAIMS OR DEMANDS COVERED BY THE ABOVE WARRANT(S) IN THE AMOUNT OF \$3,660,862.07 HAVE BEEN REVIEWED AND THAT SAID CLAIMS OR DEMANDS ARE ACCURATE, ARE IN CONFORMANCE WITH THE ADOPTED BUDGET, AND THAT THE FUNDS ARE AVAILABLE THEREOF.



FINANCE DIRECTOR

THIS 17TH DAY OF DECEMBER



CITY MANAGER

WARRANT REGISTER(S)	WR 10A & 10B	WARRANT(S)	10A	977,682.95
			10B	636,447.74
		PREPAID WIRES / MANUAL CKS	10A	266,723.73
			10B	866,188.21
		SUBTOTAL WARRANTS		<u>2,747,042.63</u>
		VOIDS	10B	0.00
		PAYROLL	PE 10/25/2019	913,819.44
		TOTAL WARRANTS		<u><u>3,660,862.07</u></u>

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
911052019	11/5/2019	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	266,723.73
SUBTOTAL					266,723.73
540043	10/31/2019	N	AT&T	REVERSE 911 PHONE UPDATES	92.79
540044	10/31/2019	N	AT&T MOBILITY	CELLULAR CHARGES	3,047.64
540045	10/31/2019	N	CA WATER SERVICE COMPANY	MONTHLY WATER CHARGES	161.96
540046	10/31/2019	N	COMMLINE INC	BATTERIES	12,046.29
540047	10/31/2019	N	JULIE DAHLGREN	REIMBURSEMENT-TRAVEL EXPENSE	62.00
540048	10/31/2019	N	FIRST CALL STAFFING INC	TEMPORARY EMPLOYEE SERVICES	8,453.25
540049	10/31/2019	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	11,393.25
540050	10/31/2019	N	PETER HECK	REIMBURSEMENT-TRAVEL EXPENSE	114.00
540051	10/31/2019	N	ICMA RETIREMENT TRUST - 401	DEFERRED COMP 108075: PAYMENT	673.08
540052	10/31/2019	N	ICMA RETIREMENT TRUST - 401	LOAN REPAY 401 - 2.5%: PAYMENT	2,436.77
540053	10/31/2019	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAY 457	77,929.48
540054	10/31/2019	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	7,559.16
540055	10/31/2019	N	INCONTACT INC	LONG DISTANCE SERVICE	531.37
540056	10/31/2019	N	KACE ENTERTAINMENT INC	PUMPKIN RACE SPECIAL EVENT DJ	795.00
540057	10/31/2019	N	JENNIFER KALLOK	EARNINGS WITHHOLDING	184.62
540058	10/31/2019	N	STEVE KITSIOS	REIMBURSEMENT-TRAVEL EXPENSE	303.00
540059	10/31/2019	N	RONALD LAURSEN	REIMBURSEMENT-TRAVEL EXPENSE	34.80
540060	10/31/2019	N	M B POLICE MGMT ASSC	DUES \$ (POL MGT ASSN): PAYMENT	455.00
540061	10/31/2019	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,556.23
540062	10/31/2019	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	11,709.17
540063	10/31/2019	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	3,922.80

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540064	10/31/2019	N	MBPOA RETIREE	MD TRUST (MED TRUST): PAYMENT	2,033.05
540065	10/31/2019	N	NICOLE SANDERS	FACE PAINTING SERVICES	500.00
540066	10/31/2019	N	SOUTHERN CALIFORNIA EDISON	MONTHLY ELECTRIC CHARGES	80.69
540067	10/31/2019	N	SOUTHERN CALIFORNIA GAS CO	GAS LIGHT MAINTENANCE	20,934.74
540068	10/31/2019	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	1,459.42
540069	10/31/2019	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	230.76
540070	10/31/2019	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	92.30
540071	10/31/2019	N	STATE DISBURSEMENT UNIT	EARNINGS WITHHOLDING	20.53
540072	10/31/2019	N	TIME WARNER CABLE INC	CABLE SERVICES	214.96
540073	10/31/2019	N	AUVI TONNU	REIMBURSEMENT-TRAVEL EXPENSE	301.88
540074	10/31/2019	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,256.28
540075	10/31/2019	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	2,796.25
540076	10/31/2019	N	UNITED PARCEL SERVICE	DELIVERY SERVICE	29.00
540077	10/31/2019	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	149,205.93
540078	10/31/2019	N	US DEPARTMENT OF EDUCATION AWG	EARNINGS WITHHOLDING	19.13
540079	10/31/2019	N	VAN LINGEN BODY SHOP INC	TOWING AND VEHICLE STORAGE	19.00
540080	10/31/2019	N	VANTAGEPOINT TRANSFER AGENTS	RETMT HLTH SAVINGS CONTRIB: PAYMENT	1,308.10
540081	10/31/2019	N	ROBIN L VARGAS	EARNINGS WITHHOLDING	553.85
540082	10/31/2019	N	VERIZON CALIFORNIA INC	CONTRACT SERVICES	919.76
540083	10/31/2019	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASES	10,975.55
540084	10/31/2019	N	WEST BASIN MUNICIPAL WATER DIS	TITLE 22 GROUNDWATER QUALITY MONITORI	612,050.04
540085	10/31/2019	N	WESTMED AMBULANCE INC	BLS TRANSPORT FROM MANHATTAN BEACH	14,440.00

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540086	10/31/2019	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	2,780.07

SUBTOTAL 977,682.95

COMBINED TOTAL 1,244,406.68

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 10a

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
911052019	11/5/2019	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	266,723.73
SUBTOTAL					266,723.73
540044	10/31/2019	N	AT&T MOBILITY	CELLULAR CHARGES	3,047.64
540046	10/31/2019	N	COMMLINE INC	BATTERIES	12,046.29
540048	10/31/2019	N	FIRST CALL STAFFING INC	TEMPORARY EMPLOYEE SERVICES	8,453.25
540049	10/31/2019	N	FRONTIER CALIFORNIA INC	TELEPHONE SERVICE	11,393.25
540053	10/31/2019	N	ICMA RETIREMENT TRUST - 457	DEFERRED COMP AND LOAN REPAY 457	77,929.48
540054	10/31/2019	N	ICMA RETIREMENT TRUST 401	LOAN REPAY 401 - 4.5%: PAYMENT	7,559.16
540061	10/31/2019	N	M B POLICE OFFICERS ASSOCIA	DUES \$ (POLICE FIXED): PAYMENT	6,556.23
540062	10/31/2019	N	M B WATER DEPARTMENT	MONTHLY WATER CHARGES	11,709.17
540063	10/31/2019	N	MARINE RESOURCES INC	TEMPORARY EMPLOYEE SERVICES	3,922.80
540067	10/31/2019	N	SOUTHERN CALIFORNIA GAS CO	GAS LIGHT MAINTENANCE	20,934.74
540074	10/31/2019	N	TOTAL ADMINISTRATIVE SVCS CORP	CHILD125 (CHILD 125 PLAN): PAYMENT	8,256.28
540075	10/31/2019	N	U.S. BANK	P/T EMP RETIREMENT CONTRIB: PAYMENT	2,796.25
540077	10/31/2019	N	US BANCORP CARD SERVICES INC	P-CARD CHARGES	149,205.93
540083	10/31/2019	N	WATER REPLENISHMENT DISTRICT	MONTHLY WATER PURCHASES	10,975.55
540084	10/31/2019	N	WEST BASIN MUNICIPAL WATER DIS	TITLE 22 GROUNDWATER QUALITY MONITORI	612,050.04
540085	10/31/2019	N	WESTMED AMBULANCE INC	BLS TRANSPORT FROM MANHATTAN BEACH	14,440.00
540086	10/31/2019	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	2,780.07
SUBTOTAL					964,056.13

WARRANT BATCH NUMBER:

wr 10a

CITY OF MANHATTAN BEACH
 WARRANT REGISTER
 CHECKS EQUAL TO OR ABOVE
 \$2,500.00

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
COMBINED TOTAL					1,230,779.86

PAYMENT LEGEND:
 T = Wire Transfers
 N = System Printed Checks
 H = Hand Written Checks

Report of Warrant Disbursements
wr 10a

Description	Amount
General	581,640.75
Street Light	23,506.28
Prop A	160.88
Water	629,431.95
Storm	229.91
Parking	1,872.22
County Parking Lot	112.20
Information Services	3,900.00
Building Maintenance	3,552.49
	<u>1,244,406.68</u>
	<u>1,244,406.68</u>

600
201
230
501
502
520
521
605
615
wr 10a

CITY OF MANHATTAN BEACH PAYROLL
PAY PERIOD: 10/12/19 TO 10/25/19
PAY DATE: 11/01/19

NET PAY 913,819.44

10/12/2019 10/25/2019 CITY OF MANHATTAN BEACH PAYROLL REPORT PAYROLL PERIOD ENDING DATE 10/25/2019

FUND	DESCRIPTION	AMOUNT
100	General Fund	1,218,678.73
210	Asset Forfeiture Fund	466.66
230	Prop. A Fund	22,961.70
501	Water Fund	30,059.03
502	Stormwater Fund	2,788.96
503	Wastewater Fund	8,467.22
510	Refuse Fund	3,342.51
520	Parking Fund	3,955.28
521	County Parking Lots Fund	982.80
522	State Pier and Parking Lot Fund	982.79
601	Insurance Reserve Fund	13,937.84
605	Information Technology Fund	24,624.11
610	Fleet Management Fund	11,642.12
615	Building Maintenance & Operations Fund	15,733.59
801	Pension Trust Fund	8,879.93
	Gross Pay	<u>1,367,503.27</u>
	Deductions	453,683.83
	Net Pay	<u><u>913,819.44</u></u>

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
9110419	11/4/2019	T	UNION BANK	F.I.T./MEDICARE/S.I.T.	240,140.17
911062019	11/6/2019	T	CA PUBLIC EMPLOYEES'	MEDICAL PREMIUMS	362,544.30
911072019	11/7/2019	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	263,503.74
SUBTOTAL					866,188.21
540087	11/7/2019	N	1 800 PACK RAT LLC	STORAGE CONTAINER RENTAL	235.73
540088	11/7/2019	N	13 INVESTMENTS 724 LLC	REFUND ROW DEPOSIT	150.00
540089	11/7/2019	N	ABBA TERMITTE & PEST CONTROL	THREE-YEAR BEE REMOVAL & RELOCATION S	975.00
540090	11/7/2019	N	ADLERHORST INTERNATIONAL LLC	SOUTH BAY K-9 UPDATE/MAINTENANCE TRAI	350.00
540091	11/7/2019	N	ADMINISTRATIVE SERVICES COOP	DIAL A RIDE SUPPLEMENTAL CAB SERVICE	545.55
540092	11/7/2019	N	ADMINSURE INC	WORKERS COMP & MED BILL REVIEW	20,221.54
540093	11/7/2019	N	ADVANCED DATA PROCESSING INC	EMERGENCY MEDICAL BILLING AND COLLECT	2,403.67
540094	11/7/2019	N	ALL CITY MANAGEMENT SVCS	CROSSING GUARD SERVICES CONTRACT	16,923.44
540095	11/7/2019	N	ART TO GROW ON	YOUTH ART INSTRUCTOR	2,284.75
540096	11/7/2019	N	AT&T MOBILITY LLC	FIRE IOS DEVICES	971.10
540097	11/7/2019	N	GITA BARARSANI	TREE DEPOSIT REFUND	800.00
540098	11/7/2019	N	BERLITZ LANGUAGES INC	CONTRACT SERVICES	75.00
540099	11/7/2019	N	JONATHAN BIRNBAUM	REFUND UAD ASSESSMENT OVERPAYMENT	63.00
540100	11/7/2019	N	BLUE CROSS OF CALIFORNIA	AMBULANCE REFUND	1,409.28
540101	11/7/2019	N	BODY & MIND COE DYNAMICS INC	FITNESS INSTRUCTOR	348.00
540102	11/7/2019	N	MARY BRACEWELL	CITATION REFUND	53.00
540103	11/7/2019	N	BRIAN SHINICHI NOGUCHI	HOLIDAY ART SALE	175.50
540104	11/7/2019	N	ERIC BRINKMAN	HOLIDAY ART SALE	328.90
540105	11/7/2019	N	LINDA BROWN	UB CLOSED ACCOUNT REFUND	32.49

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540106	11/7/2019	N	CA BLDG STANDARDS COMMISSION	FEES-BSA	1,246.00
540107	11/7/2019	N	CALPERS	AMBULANCE REFUND	1,876.64
540108	11/7/2019	N	CELLCO PARTNERSHIP	CONTRACT SERVICES	315.19
540109	11/7/2019	N	ERNEST & LOROSE ELEANOR CHALEKSON	AMBULANCE REFUND	1,797.00
540110	11/7/2019	N	STEVE CHARELIAN	REIMBURSEMENT-TRAVEL EXPENSE	1,630.29
540111	11/7/2019	N	GREGORY CHEREP	UAD ASSESSMENT REFUND	22,021.37
540112	11/7/2019	N	ANGELINE CIESLER	AMBULANCE REFUND	115.40
540113	11/7/2019	N	CLINICAL LAB OF SAN BERNARDINO	WATER QUALITY TESTING SERVICES	4,253.00
540114	11/7/2019	N	COMPANY NURSE LLC	WORK INJURY TRIAGE HOTLINE	157.50
540115	11/7/2019	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	5,914.56
540116	11/7/2019	N	COUNTY SANITATION DISTRICTS	WASTEWATER TREATMENT SURCHARGE	95.04
540117	11/7/2019	N	CPS HUMAN RESOURCE SERVICES	PROFESSIONAL TEST DEVELOPMENT	724.50
540118	11/7/2019	N	WENDY CRAWFORD	AMBULANCE REFUND	200.00
540119	11/7/2019	N	CREATIVE KINFOLK LLC	NMBID-SOCIAL MEDIA	2,025.00
540120	11/7/2019	N	CHRISTOPHER CUTRONEO	HOLIDAY ART SALE	259.35
540121	11/7/2019	N	DOUGLAS DECASTRO	BANNERS, DECALS, SIGNAGE	2,798.82
540122	11/7/2019	N	DEKRA LITE INDUSTRIES INC	CHRISTMAS DECORATING LIGHTS	8,271.15
540123	11/7/2019	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUMS	30,709.28
540124	11/7/2019	N	DEPARTMENT OF CONSERVATION	FEES-SEISMIC	9,418.18
540125	11/7/2019	N	LISA DICKSON	HOLIDAY ART SALE	359.45
540126	11/7/2019	N	DIV OF THE STATE ARCHITECT	AB 1379/3RD QTR 2019	218.00
540127	11/7/2019	N	FEDERAL EXPRESS CORPORATION	DELIVERY CHARGES	194.21

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540128	11/7/2019	N	FIRE INFO SUPPORT SERVICES INC	FIRE DEPT RECORDS MANAGEMENT SOLUTION	2,100.00
540129	11/7/2019	N	KEVIN CHARLES FOX	DEPARTMENT TRAINING	200.00
540130	11/7/2019	N	ATSUKO FUKUDA	HOLIDAY ART SALE	42.25
540131	11/7/2019	N	GEORGE GABRIEL	REIMBURSEMENT-TRAVEL EXPENSE	323.79
540132	11/7/2019	N	JESSE GARCIA	REIMBURSEMENT-TRAVEL EXPENSE	325.00
540133	11/7/2019	N	JULIE GARCIA	REIMBURSEMENT	75.00
540134	11/7/2019	N	GEOSYNTEC CONSULTANTS INC	3 YEAR PROFESSIONAL AGREEMENT	7,810.60
540135	11/7/2019	N	EVELYN GINGRICH	AMBULANCE REFUND	200.00
540136	11/7/2019	N	GOVERNMENTJOBS COM INC	COMPUTER SERVICES	1,530.00
540137	11/7/2019	N	ABIGAIL GREMILLION	RIGHT OF WAY DEPOSIT REFUND	496.00
540138	11/7/2019	N	H F & H CONSULTANTS LLC	PROFESSIONAL SERVICES	205.00
540139	11/7/2019	N	JUSTIN HIDALGO	REIMBURSEMENT-TRAVEL EXPENSE	165.00
540140	11/7/2019	N	JENNIFER HOOVER	HOLIDAY ART SALE	40.95
540141	11/7/2019	N	IPS GROUP INC	PARKING METER CREDIT CARD FEES, REPLACI	2,037.77
540142	11/7/2019	N	IVA SOLUTIONS INC	SECURITY CARD READERS AT PD	10,275.18
540143	11/7/2019	N	JOE MAR POLYGRAPH &	PRE-EMPLOYMENT POLYGRAPH SERVICES	400.00
540144	11/7/2019	N	JAYNE JUSTICE	FITNESS INSTRUCTOR	795.50
540145	11/7/2019	N	KEVORK ENTERPRISES INC	AUTO BODY REPAIRS	3,269.98
540146	11/7/2019	N	KRONOS INCORPORATED	PROFESSIONAL SERVICES	4,912.31
540147	11/7/2019	N	KEITH KUGLEY	REIMBURSEMENT-TRAVEL EXPENSE	165.00
540148	11/7/2019	N	L A COUNTY ASSESSOR	RECORDING SERVICES	5.00
540149	11/7/2019	N	L A COUNTY DEPT OF P W	TRAFFIC SERVICES	550.10

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540150	11/7/2019	N	ROSEMARY A LACKOW	MINUTES SECRETARY	308.00
540151	11/7/2019	N	MICHAEL LYNCH	REIMBURSEMENT-TRAVEL EXPENSE	165.00
540152	11/7/2019	N	BRUCE LUIZZI OR TAMARA MACDONALD	UB OVERPAYMENT REFUND	50.89
540153	11/7/2019	N	MIKE J MANCE	18-09005C PRESSURE WASHERS & CLEANING S'	407.40
540154	11/7/2019	N	MATRIX CONSULTING GROUP LTD	COST ALLOCATION PLAN AND USER FEE STUD	21,700.00
540155	11/7/2019	N	MC MURRAY STERN	ROTARY FILE CABINET	1,098.28
540156	11/7/2019	N	MCA DIRECT	ELECTION SUPPLIES	248.52
540157	11/7/2019	N	THERESA (TERRI) MCCAUL	HOLIDAY ART SALE	208.00
540158	11/7/2019	N	MERCHANTS LANDSCAPE SVCS INC	LANDSCAPE MAINTENANCE SERVICES	625.00
540159	11/7/2019	N	MERIDIAN RAPID DEFENSE GRP LLC	CONTRACT SERVICES	3,268.58
540160	11/7/2019	N	MIHM INC	15-03507C CONTRACT SERVICES	700.00
540161	11/7/2019	N	IAN MIKELSON	REIMBURSEMENT-TRAVEL EXPENSE	165.00
540162	11/7/2019	N	BRUCE A MOE	REIMBURSEMENT-TRAVEL EXPENSE	278.75
540163	11/7/2019	N	MULTI SERVICE TECHNOLOGY SOLNS	SAFETY WORK BOOTS	540.80
540164	11/7/2019	N	DANA MURRAY	REIMBURSEMENT-TRAVEL EXPENSE	232.63
540165	11/7/2019	N	VERDESIAH NASRALLA	REIMBURSEMENT-TRAVEL EXPENSE	62.00
540166	11/7/2019	N	NEXTEL OF CALIFORNIA INC	CONTRACT SERVICES	156.21
540167	11/7/2019	N	NOTORIOUS FIT LLC	FITNESS INSTRUCTOR	270.00
540168	11/7/2019	N	ORANGE COUNTY SHERIFF'S DEPT	REGISTRATION-PEER SUPPORT BASIC	25.00
540169	11/7/2019	N	PERISCOPE INTERMEDIATE CORP	BIDSYNC BID POSTING SERVICES SUBSCRIPTIC	10,285.00
540170	11/7/2019	N	REDISCOVERY SOFTWARE INC	RED HOUSE - SOFTWARE LICENSE	2,195.00
540171	11/7/2019	N	RELIANT IMMED CARE MED GRP INC	PRE-EMPLOYMENT PHYSICALS AND INMATE E	125.38

**CITY OF MANHATTAN BEACH
WARRANT REGISTER**

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540172	11/7/2019	N	CLAUDIA L REMY	AMBULANCE REFUND	135.69
540173	11/7/2019	N	RMC CONSULTING INC	19-00155C BLUEBEAM STUDIO LICENSING	2,220.00
540174	11/7/2019	N	ANA RODRIGUEZ	HEALTH AND WELLNESS PROGRAMMING	1,304.00
540175	11/7/2019	N	SBRPCA	COMMUNICATIONS EQUIPMENT	677.52
540176	11/7/2019	N	EDEN SERINA	WELLNESS SERVICES	680.00
540177	11/7/2019	N	SILICON BAY INC	RIGHT OF WAY DEPOSIT REFUND	496.00
540178	11/7/2019	N	JAMES SOCRATES	UB OVERPAYMENT REFUND	520.94
540179	11/7/2019	N	SOUTHERN CALIFORNIA SWIMMING	SCS SWIM TEAM MEMBERSHIP	290.00
540180	11/7/2019	N	SPRINT SOLUTIONS INC	MOBILE COMMUNICATIONS	37.99
540181	11/7/2019	N	SSBRA	SOCCER OFFICIALS	1,280.00
540182	11/7/2019	N	STANDARD INSURANCE COMPANY	SHORT TERM DISABILITY PREMIUMS	1,484.99
540183	11/7/2019	N	STANDARD INSURANCE COMPANY	LIFE AD&D LTD PREMIUMS	11,883.27
540184	11/7/2019	N	EILEEN STEWART	HOLIDAY ART SALE	243.10
540185	11/7/2019	N	WENDY STILLMAN	HOLIDAY ART SALE	87.75
540186	11/7/2019	N	MICHAEL W STURROCK	UAD ASSESSMENT OVERPAYMENT	2,652.77
540187	11/7/2019	N	SUSAN SAXE CLIFFORD PHD	PSYCH EXAM SERVICES FOR POLICE APPLICAN	1,275.00
540188	11/7/2019	N	THE CODE GROUP INC	BUILDING PLAN CHECK & INSPECTIONS AND F	25,861.11
540189	11/7/2019	N	THE EDGE FITNESS TRAINING	FITNESS INSTRUCTOR/CONSULTANT	150.00
540190	11/7/2019	N	THE U S CONFERENCE OF MAYORS	ANNUAL MEMBERSHIP 2020	3,489.00
540191	11/7/2019	N	TRAFFIC MANAGEMENT INC	PARADE BARRICADE RAIL ONLY	18,602.95
540192	11/7/2019	N	TYLER TECHNOLOGIES INC	FY 2020 EDEN SUPPORT	5,096.32
540193	11/7/2019	N	UNITED SITE SVCS OF CA INC	FENCING	79.04

CITY OF MANHATTAN BEACH
WARRANT REGISTER

WARRANT BATCH NUMBER:

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540194	11/7/2019	N	VISION SERVICE PLAN - (CA)	VISION PREMIUMS	4,208.05
540195	11/7/2019	N	VITAL MEDICAL SERVICES LLC	INMATE MEDICAL CARE, BLOOD DRAWS, & NA	10,457.00
540196	11/7/2019	N	WASTE MANAGEMENT INC	SOLID WASTE HAULING CONTRACT - RESIDEN	307,236.89
540197	11/7/2019	N	WEST COAST ARBORISTS INC	TREE MAINTENANCE	2,350.00
540198	11/7/2019	N	WEST COAST TENNIS CAMPS INC	TENNIS CAMP INSTRUCTOR	6,006.00
540199	11/7/2019	N	WESTWOOD BUILDING MATERIALS	BLDG MATERIALS/CEMENT	43.32
540200	11/7/2019	N	WHITFORD FOUNDRY LLC	ENGRAVING	690.00
540201	11/7/2019	N	XEROX CORPORATION	MULTI MACHINES LEASE & BASE BUSINESS PR	1,204.81
540202	11/7/2019	N	DR RANDALL YUMORI	UB DUPLICATE PAYMENT REFUND	222.20
540203	11/7/2019	N	SUSAN YUZUKI	CONFERENCE TRAVEL	96.28
540204	11/7/2019	N	JOHN EDWARD ZIELLO	COED SLO PITCH/COED KICKBALL	3,400.00
SUBTOTAL					636,447.74
COMBINED TOTAL					1,502,635.95

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 10b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
9110419	11/4/2019	T	UNION BANK	F.I.T./MEDICARE/S.I.T.	240,140.17
911062019	11/6/2019	T	CA PUBLIC EMPLOYEES'	MEDICAL PREMIUMS	362,544.30
911072019	11/7/2019	T	PUBLIC EMPLOYEES'	PENSION SAFETY - CLASSIC: PAYMENT	263,503.74
SUBTOTAL					866,188.21
540092	11/7/2019	N	ADMINSURE INC	WORKERS COMP & MED BILL REVIEW	20,221.54
540094	11/7/2019	N	ALL CITY MANAGEMENT SVCS	CROSSING GUARD SERVICES CONTRACT	16,923.44
540111	11/7/2019	N	GREGORY CHEREP	UAD ASSESSMENT REFUND	22,021.37
540113	11/7/2019	N	CLINICAL LAB OF SAN BERNARDINO	WATER QUALITY TESTING SERVICES	4,253.00
540115	11/7/2019	N	CONTEMPORARY SERVICES CORP	UNARMED SECURITY SERVICES	5,914.56
540121	11/7/2019	N	DOUGLAS DECASTRO	BANNERS, DECALS, SIGNAGE	2,798.82
540122	11/7/2019	N	DEKRA LITE INDUSTRIES INC	CHRISTMAS DECORATING LIGHTS	8,271.15
540123	11/7/2019	N	DELTA DENTAL OF CALIFORNIA	DENTAL PREMIUMS	30,709.28
540124	11/7/2019	N	DEPARTMENT OF CONSERVATION	FEES-SEISMIC	9,418.18
540134	11/7/2019	N	GEOSYNTEC CONSULTANTS INC	3 YEAR PROFESSIONAL AGREEMENT	7,810.60
540142	11/7/2019	N	IVA SOLUTIONS INC	SECURITY CARD READERS AT PD	10,275.18
540145	11/7/2019	N	KEVORK ENTERPRISES INC	AUTO BODY REPAIRS	3,269.98
540146	11/7/2019	N	KRONOS INCORPORATED	PROFESSIONAL SERVICES	4,912.31
540154	11/7/2019	N	MATRIX CONSULTING GROUP LTD	COST ALLOCATION PLAN AND USER FEE STUD	21,700.00
540159	11/7/2019	N	MERIDIAN RAPID DEFENSE GRP LLC	CONTRACT SERVICES	3,268.58
540169	11/7/2019	N	PERISCOPE INTERMEDIATE CORP	BIDSYNC BID POSTING SERVICES SUBSCRIPTIC	10,285.00
540183	11/7/2019	N	STANDARD INSURANCE COMPANY	LIFE AD&D LTD PREMIUMS	11,883.27
540186	11/7/2019	N	MICHAEL W STURROCK	UAD ASSESSMENT OVERPAYMENT	2,652.77
540188	11/7/2019	N	THE CODE GROUP INC	BUILDING PLAN CHECK & INSPECTIONS AND F	25,861.11

CITY OF MANHATTAN BEACH
WARRANT REGISTER
CHECKS EQUAL TO OR ABOVE
\$2,500.00

WARRANT BATCH NUMBER:

wr 10b

CHECK NO.	DATE	TYPE	PAYEE NAME	PAYMENT DESCRIPTION	CHECK AMOUNT
540190	11/7/2019	N	THE U S CONFERENCE OF MAYORS	ANNUAL MEMBERSHIP 2020	3,489.00
540191	11/7/2019	N	TRAFFIC MANAGEMENT INC	PARADE BARRICADE RAIL ONLY	18,602.95
540192	11/7/2019	N	TYLER TECHNOLOGIES INC	FY 2020 EDEN SUPPORT	5,096.32
540194	11/7/2019	N	VISION SERVICE PLAN - (CA)	VISION PREMIUMS	4,208.05
540195	11/7/2019	N	VITAL MEDICAL SERVICES LLC	INMATE MEDICAL CARE, BLOOD DRAWS, & NA	10,457.00
540196	11/7/2019	N	WASTE MANAGEMENT INC	SOLID WASTE HAULING CONTRACT - RESIDEN	307,236.89
540198	11/7/2019	N	WEST COAST TENNIS CAMPS INC	TENNIS CAMP INSTRUCTOR	6,006.00
540204	11/7/2019	N	JOHN EDWARD ZIELLO	COED SLO PITCH/COED KICKBALL	3,400.00
SUBTOTAL					580,946.35
COMBINED TOTAL					1,447,134.56

PAYMENT LEGEND:
T = Wire Transfers
N = System Printed Checks
H = Hand Written Checks

Report of Warrant Disbursements
wr 10b

Description	Amount
General	1,114,786.55
Asset Forfeiture	315.19
Prop A	545.55
Capital Improvements	1,098.28
UAD Construction	24,737.14
Water	5,122.84
Storm	7,905.64
Refuse	307,441.89
Parking	4,062.77
Insurance	21,479.04
Information Services	2,220.00
Vehicle Fleet	3,818.51
Building Maintenance	6,907.55
Trust Deposit	2,195.00
	<u>1,502,635.95</u>
	<u>1,502,635.95</u>

802
wr 10b

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Liza Tamura, City Clerk
Patrick Griffin, Interim Information Technology Director
Leilani Flores Emnace, Information Systems Manager
Martha Alvarez, Senior Deputy City Clerk
Patricia Matson, Deputy City Clerk
Alexandria Latragna, Management Analyst
Tatyana Roujenova-Peltekova, Senior Management Analyst

SUBJECT:

Consider Adopting a Resolution Approving Amendment No. 2 Extending the Professional Services Agreement with Granicus Inc. for One Year to Provide Citizen Engagement Services in the Budgeted Amount of \$90,363.77 (City Clerk Tamura and Interim Information Technology Director Griffin).

ADOPT RESOLUTION NO. 19-0115 APPROVING AN AMENDMENT

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 19-0115 approving Amendment No. 2 extending the professional services agreement with Granicus Inc. for one year to provide citizen engagement services in the budgeted amount of \$90,363.77.

FISCAL IMPLICATIONS:

Sufficient funds are budgeted and available in the City Clerk's and Information Technology Department's Fiscal Year 2019-2020 budget for the services outlined in Amendment No. 2 of the Granicus agreement. The appropriate funding reflective of this amendment will be included in the Fiscal Year 2020-2021 budget.

BACKGROUND:

Legislative Management Services

The City has utilized Granicus services since 2005 to provide media streaming solutions. On

January 20, 2012, the City and Granicus Inc. entered into an additional agreement to provide legislative management services including a voting solution, agenda management, and citizen participation modules. The contract was extended to December 31, 2019, providing hardware, software, media streaming, automated indexing capabilities, voting systems, agenda management, citizen participation, meeting minutes, agendas webpage integration on the City's website, and related support services.

Website Hosting Services

Since 2008, Vision Technology Solutions (DBA Vision Internet) has provided the City website and Intranet content management system including design, development, maintenance, and website hosting services. The current two-year contract with Vision Technology Solutions expires on January 11, 2020. Granicus acquired Vision Technology Solutions, LLC in February 2018. With the merging of the two companies and the expiration of the existing agreement, another contractual relationship needs to be established.

DISCUSSION:

Since Granicus now provides legislative management services and website hosting, the proposed Amendment No. 2 combines all services into one agreement for a total of \$90,363.77. The Scope of Services detailed in Exhibit C of the attached Amendment No. 2 includes services related to citizen engagement technologies such as:

- Legistar (agenda management)
- Meeting Efficiency Suite (meeting and minutes management)
- Government Transparency Suite (meeting streaming and indexing; meeting minutes; documents distribution)
- Citizen Participation Suite (online public input platform)
- Open Platform Suite (archives posting and indexing)
- govAccess Web Platform (www.citymb.info <<http://www.citymb.info>> and Intranet)
- Communication Cloud/GovDelivery (variety of public outreach methods and personalized messages)
- Performance Accelerator Suite (local distribution of the meetings' video and documentation on the City network)

Furthermore, the contract document includes the cloud migration, version upgrade, and hosting services for the Intranet—an internal website used for collaboration, information, forms, employee directory, news, and other relevant staff content. Moving the Intranet to the cloud will provide ease in access, backup, and recovery; and simplify content maintenance, training, and posting. Other added benefits will be that the content management software versions of the Internet and Intranet will be the same, and news and calendar items applicable to the Internet and Intranet may be posted simultaneously.

New functionality added to the govAccess website services is the Developer Toolkit. It offers advanced features to create custom components and sub-sites with its own navigation. This tool will be beneficial in creating a more responsive and improved digital experience for website visitors. The amendment also includes a system integration to streamline user authentication for govAccess web platforms. Additional contract clauses are included for the City Clerk's archives related to periodic access and exporting of City content and data (meeting videos, agendas,

minutes, and index information). To improve data security, another clause has been included for storing City data within the United States.

Staff proposes the extension of the agreement term for an additional 12 months with the added services given the expirations of the current Granicus contract (December 31, 2019) and Vision Technology Solutions, now Granicus (January 11, 2020). Even though Amendment No. 2 now includes the citizen engagement services related to the legislative management services and website hosting, the City continues to explore other options. If another solution offers an improved civic experience in one area that Granicus offers, the City has the option to separate that part in a future contract with Granicus.

In conclusion, staff recommends that the City Council adopt Resolution No. 19-0115 approving Amendment No. 2 extending the professional services agreement with Granicus Inc. for one year to provide citizen engagement services in the budgeted amount of \$90,363.77.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has approved the agreement as to form.

ATTACHMENTS:

1. Resolution No. 19-0115
2. Amendment No. 2 - Granicus
3. Agreement - Granicus (2018)
4. Amendment No. 1 - Granicus (2019)
5. Agreement - Vision Technology Solutions, LLC. DBA Vision (2018)

RESOLUTION NO. 19-0115

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL APPROVING AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF MANHATTAN BEACH AND GRANICUS INC. FOR CITIZEN-ENGAGEMENT TECHNOLOGY SERVICES

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council hereby approves the Agreement between the City of Manhattan Beach and Granicus, Inc. dated January 1, 2020, for citizen-engagement technology services identified in Exhibit C of the Agreement in the amount of \$90,363.77.

SECTION 2. The Council hereby directs the City Manager to execute the Agreement on behalf of the City.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution.

ADOPTED on December 17, 2019.

AYES:
NOES:
ABSENT:
ABSTAIN:

NANCY HERSMAN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF MANHATTAN BEACH AND GRANICUS, INC.

This Second Amendment (“Amendment No. 2”) to that certain agreement by and between the City of Manhattan Beach, a California municipal corporation (the “City”) and Granicus, Inc., a California corporation (the “Contractor”) (collectively, the “Parties”) is hereby entered into as of January 1, 2020 (“Effective Date”).

RECITALS

A. On February 1, 2018, the City and the Contractor entered into a Professional Services Agreement for the Contractor to provide streaming media solutions that include hardware, software, automated indexing capabilities, voting systems, website page design and integration with City Council agenda, a meeting minutes module, and related support services (the “Agreement”).

B. On February 1, 2019, the Agreement was amended to extend the term, increase the maximum compensation to be paid to the Contractor (the “Maximum Compensation”), and modify the services to be performed by the Contractor (the “Services”).

C. The Parties now desire to further amend the Agreement to extend the term, increase the Maximum Compensation, clarify the Parties’ rights to certain information and documents, update the City’s contact information, and modify the Services.

NOW, THEREFORE, in consideration of the Parties’ performance of the promises, covenants, and conditions stated herein, the Parties hereby agree as follows:

Section 1. Section 2 of the Agreement is hereby amended to extend the term of the Agreement through December 31, 2020 unless sooner terminated as provided in Section 12 of the Agreement.

Section 2. Section 3.A of the Agreement is hereby amended to increase the Maximum Compensation by \$90,363.77.

Section 3. Section 6.C of the Agreement is hereby amended to read as follows:

“C. All Data required to be furnished to the City in connection with this Agreement shall become the City’s property, and the City may use all or any portion of the Data submitted by the Contractor as the City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services shall become the

Approved for use 04/23/18

City's sole property and may be used, reused or otherwise disposed of by the City without Contractor's permission. The Contractor may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by the Contractor.

- i) The City retains the right to access and retrieve City Content / Data stored on the Contractor's infrastructure at its sole discretion up to the date of termination of the Agreement. Upon execution of this Agreement, the Contractor will make available to the City the complete and secure download file(s) of City Data (in whole and/or in parts) in a format acceptable by the City. The Data formats include, but are not limited to, plain text files, extensible markup language, and javascript object notation. The City Data stored in binary formats, including but not limited to portable document format, JPEG, and portable network graphics files, shall be reproducible in the same format in which it was stored/loaded in the Contractor's licensed software product. This reusable copy must be made available in a documented and non-proprietary format, with a clearly defined data structure.
- ii) The Parties agree that upon the termination of Services, at the choice of the City, the Contractor shall return all the Data transferred and the copies thereof to the City or shall destroy all the Data and certify to the City that it has done so.
- iii) The Contractor shall report to the City in writing any use or disclosure of City Data not authorized by this Agreement or otherwise authorized in writing by the City, including any reasonable belief that an unauthorized individual has accessed the City Data. The Contractor shall make the report to the City immediately upon discovery of the unauthorized disclosure, but in no event more than two (2) business days after the Contractor reasonably believes there has been such unauthorized use or disclosure. The Contractor's report shall identify: (a) the nature of the unauthorized use or disclosure; (b) the City Data used or disclosed; (c) who made the unauthorized use or received the unauthorized disclosure; (d) what the Contractor has done or shall do to mitigate any damaging effect of the unauthorized use or disclosure; and (e) what corrective action the Contractor has taken or shall take to prevent future similar unauthorized use or disclosure. The Contractor shall provide such other information, including a written report, as reasonably requested by the City.
- iv) The Contractor agrees to store and process City Data only in the continental United States."

Section 4. Section 15 of this Agreement is hereby amended to replace "Sanford W. Taylor" with "Information Technology Director or His/Her Designee".

Section 5. Exhibit B ("Scope of Services") of the Agreement is hereby replaced with the attached Exhibit A to this Amendment No. 2 to modify the Services.

Section 6. Except as specifically amended by this Amendment No. 2, all other provisions of the Agreement shall remain in full force and effect.


IN WITNESS THEREOF, the Parties hereto have executed this Amendment No. 2 on the day and year first shown below.

[Signatures begin on next page]

CITY OF MANHATTAN BEACH

GRANICUS, INC. (CONTRACTOR)

By: _____
Bruce Moe, City Manager

By:  _____
Its: Eric Gibson, CFO

ATTEST:

Liza Tamura, City Clerk

APPROVED AS TO FORM:

Quinn M. Barrow, City Attorney

EXHIBIT A

SCOPE OF SERVICES AND PAYMENT SCHEDULE

Payment Schedule

- Subscription Fees (renewing and new subscriptions):
 - Billed on an annual basis
- One-Time Fees:
 - Up front as identified on the subscription services table below;
 - Milestones 40/20/20/20 when applicable:
 - An initial payment equal to 40% of the total;
 - A payment equal to 20% of the total upon Granicus' delivery of the draft homepage design concepts to the client;
 - A payment equal to 20% of the total upon implementation of the main website into the VCMS on a Granicus-hosted development server; and
 - A payment equal to 20% of the total upon completion; provided, however that the client has completed training. If the client has not completed training, then Granicus shall invoice the client at the earlier of: completion of training or 21 days after completion.

Granicus Contact**Name:** Thomas Raville**Phone:** 415-408-7931**Email:** thomas.raville@granicus.com**Proposal Details****Quote Number:** Q-86208**Prepared On:** 11/19/2019**Valid Through:** 12/31/2019**Tier:** Up to 5000 Subscribers**Pricing****Payment Terms:** Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)**Currency:** USD**Current Subscription End Date:** 12/31/2019**Period of Performance:** 1/1/2020 - 12/31/2020**Domains Included for the Communications Cloud**

The subscription includes the following domain(s) and subdomain(s): www.citymb.info

One-Time Fees

Solution	Billing Frequency	Quantity/Unit	One-Time Fee
govAccess Developer Toolkit Set-up & Config	Upon Delivery	1	\$0.00
govAccess Developer Toolkit Technical Training	Upon Delivery	1	\$0.00
Active Directory Integration	Milestones - 40/ 20/20/20	1 Each	\$4,000.00
govAccess - License Modification and Version Update	Up Front	1	\$4,000.00
Customizations (Non-recurring)	Milestones - 40/ 20/20/20	1 Each	\$1,600.00
Communications Cloud - Setup and Configuration	Up Front	1 Each	\$0.00
SUBTOTAL:			\$9,600.00

One-Time Fees			
Solution	Billing Frequency	Quantity/Unit	One-Time Fee
Communications Cloud - Online Training	Up Front	1 Each	\$0.00
Legistar - Onsite Training	Upon Delivery	1 Days	\$0.00
SUBTOTAL:			\$9,600.00

Annual Fees for Renewing Subscriptions					
Solution	Period of Performance	Billing Frequency	Quantity/Unit	Annual Fee	Prorated Fee
govAccess Plus Edition*	1/15/2020 to 12/31/2020	Annual	1 Each	\$23,639.28	\$22,770.35
Portable Encoder	1/1/2020 to 12/31/2020	Annual	1 Each	\$2,696.40	\$2,696.40
Government Transparency Suite	1/1/2020 to 12/31/2020	Annual	1 Each	\$20,552.50	\$20,552.50
Government Transparency Managed Services Hardware (GT)	1/1/2020 to 12/31/2020	Annual	1 Each	\$0.00	\$0.00
VoteCast Station for Meeting Efficiency Suite (ME)	1/1/2020 to 12/31/2020	Annual	1 Each	\$0.00	\$0.00
Meeting Efficiency Suite	1/1/2020 to 12/31/2020	Annual	1 Each	\$0.00	\$0.00
Open Platform Suite	1/1/2020 to 12/31/2020	Annual	1 Each	\$4,074.93	\$4,074.93
Legistar	1/1/2020 to 12/31/2020	Annual	1 Each	\$2,699.77	\$2,699.77
VoteCast Package for Meeting Efficiency Suite (7 seats)	1/1/2020 to 12/31/2020	Annual	1 Each	\$8,008.31	\$8,008.31
Citizen Participation Suite	1/1/2020 to 12/31/2020	Annual	1 Each	\$0.00	\$0.00
SUBTOTAL:				\$69,335.14	\$67,713.77

*Client has paid for govAccess Plus Edition through 1/14/2020.

Annual Fees for Renewing Subscriptions					
Solution	Period of Performance	Billing Frequency	Quantity/Unit	Annual Fee	Prorated Fee
Granicus Encoding Appliance Software (GT)	1/1/2020 to 12/31/2020	Annual	1 Each	\$1,260.00	\$1,260.00
Performance Accelerator Suite	1/1/2020 to 12/31/2020	Annual	1 Each	\$2,520.00	\$2,520.00
Upgrade to SDI 720p Streaming	1/1/2020 to 12/31/2020	Annual	1 Each	\$1,260.00	\$1,260.00
govAccess - Maintenance, Hosting, & Licensing Fee - Pulse**	4/15/2020 to 12/31/2020	Annual	1 Each	\$2,623.95	\$1,871.51
SUBTOTAL:				\$69,335.14	\$67,713.77

***Client has paid for govAccess - Maintenance, Hosting, & Licensing Fee - Pulse through 4/14/2020.*

Annual Fees for New Subscriptions					
Solution	Period of Performance	Billing Frequency	Quantity/Unit	Annual Fee	Prorated Fee
govAccess Developer Toolkit	1/1/2020 to 12/31/2020	Annual	1	\$6,650.00	\$6,650.00
govAccess - Maintenance, Hosting, & Licensing Fee - Core	1/1/2020 to 12/31/2020	Annual	1 Each	\$6,400.00	\$6,400.00
Communications Cloud***	1/1/2020 to 12/31/2020	Annual	1 Each	\$0.00	\$0.00
SUBTOTAL:				\$13,050.00	\$13,050.00

****Pricing for Communications Cloud is only valid through 12/31/2020. If contract is extended past 12/31/2020, subscription pricing for Communications Cloud will be increased to \$6,000.00 for the term from 1/1/2021 - 12/31/2021.*

Prorated Annual Fees for Renewing Subscriptions :	\$67,713.77
One Time Fees :	\$9,600.00
Annual Fees for New Subscriptions :	\$13,050.00
SUBTOTAL:	\$90,363.77

Product Descriptions	
Name	Description
govAccess Plus Edition	<p>The govAccess Maintenance, Hosting, and Licensing plan is designed to equip the client with the technology, expertise and training to keep the client's website relevant and effective over time.</p> <p>Services include the following:</p> <ul style="list-style-type: none"> • Ongoing software updates • Unlimited technical support (6:00 AM - 6:00 PM PT, Monday - Friday) • Access to training webinars and on-demand video library • Access to best practice webinars and resources • Annual health check with research-based recommendations for website optimization - DDoS mitigation • Disaster recovery with 90-minute failover (RTO) and 15-minute data replication (RPO)
govAccess Developer Toolkit	<p>The govAccess Developer Toolkit puts control back in the hands of technical staff while providing content contributors the ease of use and speed to adapt they have grown to expect. Agencies can quickly and easily create new digital experiences for constituents across any device, any time. All of this grows with your organization. From 1 to 100 websites, the Developer Toolkit covers agencies with a single web platform. The Developer Toolkit includes core functionality such as:</p> <ul style="list-style-type: none"> • Microsite Builder • Design Studio • Content SDK
govAccess Developer Toolkit Set-up & Config	<p>Implementation includes:</p> <ul style="list-style-type: none"> • Installing Developer Toolkit in govAccess CMS • Quality assurance (QA) testing • Access to online training documentation around advanced account functions and capabilities • Access to an implementation consultant for up to 30 days following installation
Portable Encoder	Ongoing Service fee for Portable Encoder hardware.
govAccess Developer Toolkit Technical Training	Provides a balance of Product knowledge and industry best practices to a specific audience. Sessions are delivered by product experts via videoconferencing technology.

Product Descriptions	
Name	Description
govAccess - Maintenance, Hosting, & Licensing Fee - Core	<p>The govAccess Maintenance, Hosting, and Licensing plan is designed to equip the client with the technology, expertise and training to keep the client's website relevant and effective over time.</p> <p>Services include the following:</p> <ul style="list-style-type: none"> • Ongoing software updates • Unlimited technical support (6:00 AM - 6:00 PM PT, Monday - Friday) • Access to training webinars and on-demand video library • Access to best practice webinars and resources • Annual health check with research-based recommendations for website optimization • DDoS mitigation • Disaster recovery with 90-minute failover (RTO) and 15-minute data replication (RPO)
Government Transparency Suite	Government Transparency are the live in-meeting functions. Streaming of an event, pushing of documents, indexing of event, creation of minutes.
Active Directory Integration	Includes integrating Active Directory (AD) with the govAccess CMS. This will let AD accounts log-in to the govAccess CMS backend and/or govAccess CMS Extranet. Client commitments required: AD currently in use server to install the govAccess AD web service from client provided sub-domain and SSL certificate.
govAccess - License Modification and Version Update	Contractor will convert legacy visionLive Enterprise and visionCMS licenses to govAccess Core. Included with this conversion is the incorporation of all monthly CMS updates and enhancements released subsequently to the launch of the client's website.
Government Transparency Managed Services Hardware (GT)	The managed equipment solution offers an encoding appliance that is fully managed and maintained by Granicus.
Customizations (Non-recurring)	<p>The following described service is a "Customization". A "Customization" is non-standard functional programming that is unique to a particular client and can potentially conflict with visionLive updates.</p> <p>Transfer from customer hosting to Granicus hosting for Intranet.</p>

Product Descriptions	
Name	Description
Communications Cloud	<p>The Cloud is a Software-as-a-Service (SaaS) solution that enables government organizations to connect with more people. By leveraging the Cloud, the client will be able to utilize a number of different outreach mediums, including email, SMS/text messages, RSS feeds, and social media integration to connect with its target audiences. The Cloud includes:</p> <ul style="list-style-type: none"> • Unlimited email sends with industry-leading delivery and management of all bounces • Support to upload and migrate existing email lists • Access to participate in the GovDelivery Network • Ability to send mass notifications to multiple devices • 24/7 system monitoring, email and phone support during business hours, auto-response to inbound messages from end users, and emergency support • Text-to-subscribe functionality • Up to 2 Web-hosted training sessions annually • Up to 50 administrators • Up to 1 GovDelivery account(s) • Access to a complete archive of all data created by the client for 18 months (rolling) • Up to 3 hours of message template and integration development • Up to 100 subscription topics • Up to 100,000 SMS/text messages per year from a shared short code within the United States* <p>*International numbers are not supported. SMS/text messages not used in the period of performance will not carry over to the following year.</p>

Product Descriptions	
Name	Description
Meeting Efficiency Suite	<p>Meeting Efficiency is a hybrid Software-as-a-Service (SaaS) and Hardware-as-a-Service (HaaS) solution that enables government organizations to simplify the in-meeting management and post-meeting minutes creation processes of the clerk's office. By leveraging this solution, the client will be able to streamline meeting data capture and minutes production, reducing staff efforts and decreasing time to get minutes published. During a meeting, record roll calls, motions, votes, notes, and speakers, all indexed with video. Use the index points to quickly edit minutes, templates to format in Microsoft Word or HTML, and publish online with the click of a button. Meeting Efficiency includes:</p> <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies • Unlimited storage of minutes documents • Access to one Granicus platform site • Access to the LiveManager software application for recording information during meetings • Access to the Word Add-in software component for minutes formatting in MS Word if desired • One MS Word or HTML minutes template (additional templates can be purchased if needed)
Communications Cloud - Setup and Configuration	<p>The Cloud is a Software-as-a-Service (SaaS) solution that enables government organizations to connect with more people. By leveraging the Cloud, the client will be able to utilize a number of different outreach mediums, including email, SMS/text messages, RSS feeds, and social media integration to connect with its target audiences. The Cloud setup and configuration includes:</p> <ul style="list-style-type: none"> • The implementation consultant will be assigned to Recipient during the setup process for up to 90 days • Unlimited access to Web-based recorded trainings and online help for administrations on the following topics: standard Messaging, the GovDelivery Network, Automation, Mobile and Analytics • Up to 2 Web-hosted training sessions that must be used within 180 days of Kickoff • Up to 5 hours of message template and integration development that must be used within 90 days of Kickoff
Open Platform Suite	<p>Open Platform is access to MediaManager, upload of archives, ability to post agendas/ documents, and index of archives. These are able to be published and accessible through a searchable viewpage.</p>
Communications Cloud - Online Training	<p>Provides a balance of Product knowledge and industry best practices to a specific audience. Sessions are delivered by product experts via videoconferencing technology.</p>

Product Descriptions

Name	Description
Legistar	<p>Legistar is a Software-as-a-Service (SaaS) solution that enables government organizations to automate the entire Legislative process of the clerk's office. By leveraging Legistar, the client will be able to easily manage the entire legislative process from drafting files, through assignment to various departments, to final approval. Legistar includes:</p> <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies and meeting types • Unlimited data storage and retention • Configuration services for one meeting body\type • One Legistar database • One InSite web portal • Design services for one agenda report template • Design services for one minute's report template
Legistar - Onsite Training	<p>Legistar - Onsite Training is for onsite training for Legistar, which allows clients to have a Granicus trainer onsite to show them how to use the system.</p> <p>Onsite Training includes travel, meals and lodging expenses.</p>
Citizen Participation Suite	<p>The Granicus Citizen Participation suite provides the ability to involve the community throughout the legislative process and produce better outcomes. The Citizen Participation suite also reduces staff time by providing the ability to effortlessly collect, manage, and prioritize citizen input. The software provides a convenient way for citizens to voice their feedback and participate online. Granicus Citizen Participation includes:</p> <ul style="list-style-type: none"> • Unlimited user signup • SpeakUp tool • eComment tool • Ability for citizens to sign up and participate in online projects, discussions, forums, ideas, surveys, and meetings • Spam protection through CAPTCHA • Profanity filters • Role permissions for administrators • Idea module • Discussion module • Forum module • Projects module • Survey module • Meetings module • Reporting on a module by module basis • Ability to request, speak, or comment on agenda items

Product Descriptions	
Name	Description
Granicus Encoding Appliance Software (GT)	Granicus Encoding Appliance Software (GT) This includes the LiveManager Software solution where webcasts are started/stopped, agendas amended and indexed, votes and attendance recorded, and minutes created.
Performance Accelerator Suite	Performance Accelerator Suite provides the ability to utilize the performance accelerator within a network. Requires Performance Accelerator or Virtual Performance Accelerator to distribute video/indexing/documents within a local network. This distribution is utilized to eliminate the bandwidth impact local viewers would have accessing data from the Granicus Data Center.
Upgrade to SDI 720p Streaming	Upgrade to SDI 720p Streaming (requires Digital encoder and HD feed)
govAccess - Maintenance, Hosting, & Licensing Fee - Pulse	Pulse is a community engagement platform integrated with the govAccess CMS that will enable the client to gauge the public's opinion on important issues and turn their feedback into actionable results.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is dated February 1, 2018 ("Effective Date") and is between the City of Manhattan Beach, a California municipal corporation ("City") and Granicus, Inc., a California corporation ("Contractor"). City and Contractor are sometimes referred to herein as the "Parties", and individually as a "Party".

RECITALS

A. Contractor provides streaming media solutions that include hardware, software, automated indexing capabilities, voting systems, website page design and integration with City Council agendas, a meeting minutes module, and related support services.

B. Contractor represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City is reviewing the proposals for automated agenda management and desires to retain Contractor to continue performing the services described herein during such review period in accordance with the terms and conditions of this Agreement.

The Parties therefore agree as follows:

1. Contractor's Services.

A. Scope of Services. Contractor shall perform the services described in the Scope of Services (the "Services"), attached as **Exhibit A**. City may request, in writing, changes in the Scope of Services to be performed. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Contractor Representative shall be Josh Hurni (the "Contractor Representative"). The Contractor Representative shall directly manage Contractor's Services under this Agreement. Contractor shall not change the Contractor Representative without City's prior written consent.

C. Standard of Performance. Contractor shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City.

D. Personnel. Contractor has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Contractor or under its supervision,

and all personnel engaged in the work shall be qualified to perform such Services.

E. Compliance with Laws. Contractor shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements.

F. Permits and Licenses. Contractor shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of Services under this Agreement, including a business license.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through February 1, 2019, unless sooner terminated as provided in Section 12 of this Agreement or extended.

3. Compensation.

A. Compensation. As full compensation for Services satisfactorily rendered, City shall pay Contractor monthly fees in accordance with the Approved Fee Schedule attached hereto as **Exhibit A**. In no event shall Contractor be paid more than \$49,500 during the term of this Agreement (the "Maximum Compensation").

B. Expenses. The amount set forth in paragraph 3.A. above shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

C. Additional Services. City shall not allow any claims for Additional Services performed by Contractor, unless the City Council or City Representative, if applicable, and the Contractor Representative authorize the additional Services in writing prior to Contractor's performance of the additional Services or incurrence of additional expenses. Any additional Services or expenses authorized by the City Council or City Representative shall be compensated at the rates set forth in **Exhibit A**, or, if not specified, at a rate mutually agreed to by the Parties. City shall make payment for additional Services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Contractor shall submit to City an invoice, on a quarterly basis for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. City shall review each invoice and notify Contractor in writing within ten business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the Maximum Compensation set forth in Section 3 of this Agreement. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Contractor.

C. Audit of Records. Contractor shall make all records, invoices, time cards, cost control sheets and other records maintained by Contractor in connection with this

Agreement available during Contractor's regular working hours to City for review and audit by City.

5. Independent Contractor. Contractor is, and shall at all times remain as to City, a wholly independent contractor. Contractor shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. Contractor shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City.

6. Information and Documents.

A. Contractor covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Contractor without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Contractor, its officers, employees, agents, or subcontractors shall not without written authorization from the City Manager or unless requested in writing by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary," provided Contractor gives City notice of such court order or subpoena.

B. Contractor shall promptly notify 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 thereunder or with respect to any project or property located within the City. City may, but has no obligation to, represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, City's right to review any such response does not imply or mean the right by City to control, direct or rewrite the response.

C. All Data required to be furnished to City in connection with this Agreement shall become City's property, and City may use all or any portion of the Data submitted by Contractor as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services shall become City's sole property and may be used, reused or otherwise disposed of by City without Contractor's permission. Contractor may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Contractor.

D. Contractor's covenants under this Section 6 shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Contractor and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Contractor's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Contractor may perform similar Services for other clients, but Contractor and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Contractor shall incorporate a clause substantially similar to this Section 7 into any subcontract that Contractor executes in connection with the performance of this Agreement.

8. Indemnification.

A. Indemnities for Third Party Claims.

1) To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by court decision or by the agreement of the Parties. Contractor shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Contractor shall pay all required taxes on amounts paid to Contractor under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Contractor shall fully comply with the workers' compensation law regarding Contractor and Contractor's employees. Contractor shall indemnify and hold City harmless from any failure of Contractor to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Contractor under this Agreement any amount due to City from Contractor as a result of Contractor's failure to promptly pay to City any reimbursement or

indemnification arising under this subparagraph A.2).

3) Contractor shall obtain executed indemnity agreements with provisions identical to those in this Section 8 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this Agreement. If Contractor fails to obtain such indemnity obligations, Contractor shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees, as determined by court decision or by the agreement of the Parties.

B. Workers Compensation Acts not Limiting. Contractor's indemnifications and obligations under this Section 8, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 8 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Contractor's indemnifications and obligations under this Section 8 shall survive the expiration or termination of this Agreement.

E. Limitation of Liability. Exclusion of consequential and related damages. Under no circumstances shall Granicus be liable for any special, indirect, punitive, incidental, or consequential damages, whether an action is in contract or tort and regardless of the theory of liability, even if a party has been advised of the possibility of such damages. Further, Granicus shall not be liable for: (a) error or interruption of use or for loss or inaccuracy or corruption of customer data; (b) cost of procurement of substitute goods, services or technology; (c) loss of business; (d) damages arising out of access to or inability to access the services, software, content, or related technical support; or (e) for any matter beyond Granicus' reasonable control, even if Granicus has been advised of the possibility of any of the foregoing losses or damages.

Limitation of liability. In no instance shall either party's liability to the other party for direct damages under this agreement (whether in contract or tort or otherwise) exceed the fees paid by customer for the Granicus products and services during the six (6) months immediately preceding the date the damaged party notifies the other party in writing of the claim for direct damages.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Contractor shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of \$1,000,000.00 per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of \$2,000,000.00 per project or location. If Contractor is a limited liability company, the commercial general liability coverage shall be amended so that Contractor and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of \$100,000.00 per accident for bodily injury and property damage and \$300,000 in the aggregate or a \$300,000 combined single limit. If Contractor does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Contractor shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section 9.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of \$1,000,000.00 per accident for bodily injury or disease. If Contractor has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Contractor shall execute a declaration that it has no employees.

4) Professional Liability Insurance or Errors and Omissions Insurance with minimum limits of \$1,000,000.00 per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 9 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 9.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 9 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Contractor's insurance and shall not contribute with it.

E. Contractor's Waiver of Subrogation. The insurance policies required under this Section 9 shall not prohibit Contractor and Contractor's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Contractor hereby

waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Contractor shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Contractor shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Contractor shall not cancel, reduce or otherwise modify the insurance policies required by this Section 9 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section 9 is canceled or reduced in coverage or limits, Contractor shall, within two business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Contractor does not maintain the policies of insurance required under this Section 9 in full force and effect during the term of this Agreement, or in the event any of Contractor's policies do not comply with the requirements under this Section 9, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Contractor's expense, the premium thereon. Contractor shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Contractor.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Contractor shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 9. The endorsements are subject to City's approval. Contractor may provide complete, certified copies of all required insurance policies to City. Contractor shall maintain current endorsements on file with City's Risk Manager. Contractor shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Contractor shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Contractor shall not be construed as a limitation of Contractor's liability or as full performance of Contractor's duty to indemnify City under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Contractor shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 9.

10. Mutual Cooperation.

A. City's Cooperation. City shall provide Contractor with all pertinent Data, documents and other requested information as is reasonably available for Contractor's

proper performance of the Services required under this Agreement.

B. Contractor's Cooperation. In the event any claim or action is brought against City relating to Contractor's performance of Services rendered under this Agreement, Contractor shall render any reasonable assistance that City requires.

11. Records and Inspections. Contractor shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. City may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Contractor at least 90 calendar days before the termination is to be effective. Contractor may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least 30 calendar days before the termination is to be effective.

B. Obligations upon Termination. Contractor shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Contractor, City shall pay Contractor based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Contractor be entitled to receive more than the amount that would be paid to Contractor for the full performance of the Services required by this Agreement. Contractor shall have no other claim against City by reason of such termination, including any claim for compensation.

13. Force Majeure. Contractor shall not be liable for any failure to perform its obligations under this Agreement if Contractor presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Contractor's reasonable control and not due to any act by Contractor.

14. Default.

A. Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Contractor is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating

Contractor for any work performed after the date of default.

B. If the City Manager or his delegate determines that Contractor is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Contractor with written notice of the default. Contractor shall have 30 calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Contractor fails to cure its default within such period of time, City may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Contractor's and City's regular business hours, or (c) three business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to City:

Attn: Sanford W. Taylor
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266
Telephone: (310) 802-5067
Email: staylor@citymb.info

If to Contractor:

Mark Hynes
Granicus, Inc.
707 17th Street, Suite 4000
Denver, Colorado 80202
Telephone: (720)240-9586
Email: ar@granicus.com

With a courtesy copy to:

Quinn M. Barrow, City Attorney
1400 Highland Avenue
Manhattan Beach, CA 90266
Telephone: (310) 802-5061
Email: qbarrow@citymb.info

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

17. Prohibition of Assignment and Delegation. Contractor shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this

Agreement shall not release Contractor from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 17 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 17, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Contractor of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Contractor for anything done, furnished or relating to Contractor's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Contractor, its employees, sub-contractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Contractor, its employees, sub-contractors and agents.

21. Corrections. In addition to the above indemnification obligations, Contractor shall correct, at its expense, all errors in the work which may be disclosed during City's review of Contractor's report or plans. Should Contractor fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Contractor. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Contractor under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Contractor by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Contractor's services beyond the current fiscal year, the Agreement shall cover payment for Contractor's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at

the conclusion of such fiscal year.

23. Exhibits. Exhibit A constitutes part of this Agreement and is incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Contractor's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Manhattan Beach City Hall is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior or federal court with geographic jurisdiction over the City of Manhattan Beach.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs incurred in connection therewith,, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and

continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

33. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

34. Grant of License.

A. Ownership. Contractor, and/or its third party supplier, owns the copyright and/or certain proprietary information protectable by law in Contractor's software.

B. Use. Contractor agrees to provide City with a revocable, non-transferable and non-exclusive license to access Contractor's Software identified in this Exhibit A ("Software") and a revocable, non-sublicensable, non-transferable and non-exclusive right to use Contractor's Software. Contractor's Software is proprietary to Contractor and protected by intellectual property laws and international intellectual property treaties. Pursuant to this Agreement, City may use the Contractor's Software to perform its own work, including City's work with its constituents.

C. Limitations. Except for the license granted to City pursuant to this Agreement, Contractor retains all ownership and proprietary rights in and to Contractor's Software, and City is not permitted, and will not assist or permit a third party, to: (a) utilize Contractor's Software in the capacity of a service bureau or on a time share basis; (b) reverse engineer, decompile or otherwise attempt to derive source code from Contractor's Software; (c) provide, disclose, or otherwise make available Contractor's Software, or copies thereof, to any third party; or (d) share, loan, or otherwise allow another entity, in or outside its jurisdiction, to use Contractor's Software, or copies thereof, except as expressly outlined in this Agreement.

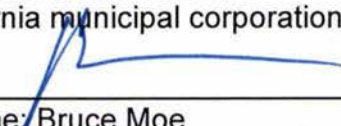
35. Patent, Copyright and trade Secret Infringement. If Contractor's Software becomes, or in Contractor's opinion is likely to become, the subject of an infringement claim, Contractor may, at its option and sole discretion, (i) obtain for City the right to continue to use Contractor's Software as provided in this Agreement; (ii) replace Contractor's Software with another software product that provides similar functionality; or (iii) if Contractor determines that neither of the foregoing options are reasonably available, Contractor may terminate this Agreement and refund any prepaid fees to City for which it has not received the services.

[SIGNATURE PAGE FOLLOWS]


The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

City:

City of Manhattan Beach,
a California municipal corporation

By: 
Name: Bruce Moe
Title: City Manager

ATTEST:

By:  2-22-18
Name: Liza Tamura
Title: City Clerk

APPROVED AS TO FORM:

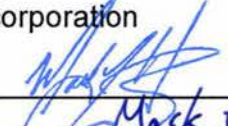
By: 
Name: Quinn M. Barrow
Title: City Attorney

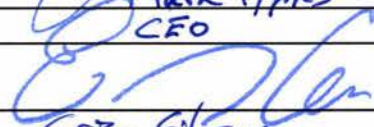
APPROVED AS TO CONTENT:

By: 
Name: Steve Charelian
Title: Acting Finance Director

Contractor:

Granicus, Inc,
a California corporation

By: 
Name: Mark Hynes
Title: CFO

By: 
Name: Eric Gibson
Title: CFO



Procurement Vehicle: Direct
In Support of: Manhattan Beach, CA

Quote Number: Q-18463
Quote Prepared On: 12/4/2017
Quote Valid Through: 1/3/2018
Payment Terms: Net 30

Granicus Contact:
Name: Ryan McClain
Phone: +1 8044849161
Email: ryan.mcclain@granicus.com

ONE-TIME FEE

Product Name	Product Description	Invoice Schedule	Quantity	One-Time Total
Granicus Encoding Appliance Hardware - SDI (AMAX) (GT)	AMAX Encoder with Osprey SDI Card. Used to pass commands and data from LiveManager that include Start/Stop of webcast, indexing, and document display. Also serves to distribute video and captions to be distributed to the CDN or Performance Accelerator.	50% Up Front 50% Upon Delivery	1 Each	\$3,500.00
US Shipping Charge C - Large Item	US shipping of a large item	Up Front	1 Each	\$125.00
Granicus Encoding Appliance Hardware Configuration (GT)	Remote configuration and deployment of an encoding appliance.	Milestones	1 Each	\$875.00
Performance Accelerator Installation Services	Remote configuration and deployment of the Performance Accelerator.	Milestones	1 Each	\$0.00
Performance Accelerator Hardware (Purchase)	Performance Accelerator (Standard) Server is hardware utilized to distribute video/indexing/documents within a local network. This distribution is utilized to eliminate the bandwidth impact local viewers would have accessing data from the Granicus Data Center.	50% Up Front 50% Upon Delivery	1 Each	\$3,600.00
US Shipping Charge C - Large Item	US shipping of a large item	Up Front	1 Each	\$125.00
TOTAL:				\$8,225.00

ANNUAL SUBSCRIPTION FEE

Product Name	Product Description	Invoice Schedule	Quantity	Annual Total
Portable Encoder	Ongoing Service fee for Portable Encoder hardware.	Quarterly	1 Each	\$2,568.00



Product Name	Product Description	Invoice Schedule	Quantity	Annual Total
Granicus Encoding Appliance Software (GT)	Granicus Encoding Appliance Software (GT) This includes the LiveManager Software solution where webcasts are started/ stopped, agendas amended and indexed, votes and attendance recorded, and minutes created.	Quarterly	0 Each	\$0.00
Government Transparency Suite	Government Transparency are the live in-meeting functions. Streaming of an event, pushing of documents, indexing of event, creation of minutes.	Quarterly	1 Each	\$19,573.81
Government Transparency Managed Services Hardware (GT)	The managed equipment solution offers an encoding appliance that is fully managed and maintained by Granicus.	50% Up Front 50% Upon Delivery	1 Each	\$0.00
VoteCast Station for Meeting Efficiency Suite (ME)		Quarterly	1 Each	\$0.00
Meeting Efficiency Suite	Meeting Efficiency is a hybrid Software-as-a-Service (SaaS) and Hardware-as-a-Service (HaaS) solution that enables government organizations to simplify the in-meeting management and post-meeting minutes creation processes of the clerk's office. By leveraging this solution, the client will be able to streamline meeting data capture and minutes production, reducing staff efforts and decreasing time to get minutes published. During a meeting, record roll calls, motions, votes, notes, and speakers, all indexed with video. Use the index points to quickly edit minutes, templates to format in Microsoft Word or HTML, and publish online with the click of a button. Meeting Efficiency includes: <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies • Unlimited storage of minutes documents • Access to one Granicus platform site • Access to the LiveManager software application for recording information during meetings • Access to the Word Add-in software component for minutes formatting in MS Word if desired • One MS Word or HTML minutes template (additional templates can be purchased if needed) 	Quarterly	1 Each	\$0.00



Product Name	Product Description	Invoice Schedule	Quantity	Annual Total
Open Platform Suite	Open Platform is access to MediaManager, upload of archives, ability to post agendas/documents, and index of archives. These are able to be published and accessible through a searchable viewpage.	Quarterly	1 Each	\$3,880.89
Legistar	Legistar is a Software-as-a-Service (SaaS) solution that enables government organizations to automate the entire Legislative process of the clerk's office. By leveraging Legistar, the client will be able to easily manage the entire legislative process from drafting files, through assignment to various departments, to final approval. Legistar includes: <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies and meeting types • Unlimited data storage and retention • Configuration services for one meeting body\type • One Legistar database • One InSite web portal • Design services for one agenda report template • Design services for one minute's report template 	Quarterly	1 Each	\$2,571.21
VoteCast Package for Meeting Efficiency Suite (7 seats)		Quarterly	1 Each	\$7,626.96



Product Name	Product Description	Invoice Schedule	Quantity	Annual Total
Citizen Participation Suite	<p>The Granicus Citizen Participation suite provides the ability to involve the community throughout the legislative process and produce better outcomes. The Citizen Participation suite also reduces staff time by providing the ability to effortlessly collect, manage, and prioritize citizen input. The software provides a convenient way for citizens to voice their feedback and participate online. Granicus Citizen Participation includes:</p> <ul style="list-style-type: none"> • Unlimited user signup • SpeakUp tool • eComment tool • Ability for citizens to sign up and participate in online projects, discussions, forums, ideas, surveys, and meetings • Spam protection through CAPTCHA • Profanity filters • Role permissions for administrators • Idea module • Discussion module • Forum module • Projects module • Survey module • Meetings module • Reporting on a module by module basis • Ability to request, speak, or comment on agenda items 	Quarterly	1 Each	\$0.00
Granicus Encoding Appliance Software (GT)	<p>Granicus Encoding Appliance Software (GT) This includes the LiveManager Software solution where webcasts are started/ stopped, agendas amended and indexed, votes and attendance recorded, and minutes created.</p>	Quarterly	1 Each	\$1,200.00
Performance Accelerator Suite	<p>Performance Accelerator Suite provides the ability to utilize the performance accelerator within a network. Requires Performance Accelerator or Virtual Performance Accelerator to distribute video/indexing/documents within a local network. This distribution is utilized to eliminate the bandwidth impact local viewers would have accessing data from the Granicus Data Center.</p>	Quarterly	1 Each	\$2,400.00



Procurement Vehicle: Direct
In Support of: Manhattan Beach, CA

Product Name	Product Description	Invoice Schedule	Quantity	Annual Total
Upgrade to SDI 720p Streaming	Upgrade to SDI 720p Streaming (requires Digital encoder and HD feed)	Quarterly	1 Each	\$1,200.00
TOTAL:				\$41,020.87



CERTIFICATE OF LIABILITY INSURANCE

9/7/2018

DATE (MM/DD/YYYY)

10/17/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

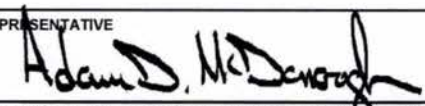
PRODUCER Lockton Insurance Brokers, LLC CA License #OF15767 Three Embarcadero Center, Suite 600 San Francisco CA 94111 (415) 568-4000	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : National Fire Insurance Co of Hartford</td> <td>20478</td> </tr> <tr> <td>INSURER B : The Continental Insurance Company</td> <td>35289</td> </tr> <tr> <td>INSURER C : Columbia Casualty Company</td> <td>31127</td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : National Fire Insurance Co of Hartford	20478	INSURER B : The Continental Insurance Company	35289	INSURER C : Columbia Casualty Company	31127	INSURER D :		INSURER E :		INSURER F :
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INSURER F :															
INSURED 1424321 Granicus, Inc. GovDelivery, LLC 408 Saint Peter Street, Suite 600 Saint Paul MN 55102															

COVERAGES GRAIN01 **CERTIFICATE NUMBER:** 14747148 **REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	Y	6043664103	10/20/2017	10/20/2018	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/POP AGG \$ 2,000,000 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Comp \$100 DedK <input checked="" type="checkbox"/> Coll \$1,000 Ded	N	N	6043664084	10/20/2017	10/20/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX \$ XXXXXXXX
B B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	6043364067 (AOS) 6043364070 (CA)	10/20/2017 10/20/2017	10/20/2018 10/20/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Prof Liab/E&O/Network Sec & Privacy Liab.	N	N	596722177 (E&O)	9/7/2017	9/7/2018	1,000,000 per claim / \$1,000,000 agg

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 City of Manhattan Beach, its officers, employees, agents and volunteers are included as Additional Insured with respect to liability arising out of the operations of the insured and to the extent provided by the policy language or endorsement issued or approved by the insurance carrier. Waiver of Subrogation applies per attached endorsement(s) or policy language.

CERTIFICATE HOLDER 14747148 City of Manhattan Beach 1400 Highland Avenue Manhattan Beach CA 90266	CANCELLATION See Attachment SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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CNA Technology General Liability Extension Endorsement

It is understood and agreed that this endorsement amends the **COMMERCIAL GENERAL LIABILITY COVERAGE PART** as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement with respect to such provision do not apply.

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- 3. Bodily Injury – Expanded Definition**
- 4. Broad Knowledge of Occurrence/ Notice of Occurrence**
- 5. Broad Named Insured**
- 6. Estates, Legal Representatives and Spouses**
- 7. Expected Or Intended Injury – Exception for Reasonable Force**
- 8. In Rem Actions**
- 9. Incidental Health Care Malpractice Coverage**
- 10. Joint Ventures/Partnership/Limited Liability Companies**
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- 12. Medical Payments**
- 13. Non-owned Aircraft Coverage**
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- 15. Personal And Advertising Injury – Discrimination or Humiliation**
- 16. Personal And Advertising Injury - Limited Contractual Liability**
- 17. Property Damage - Elevators**
- 18. Supplementary Payments**
- 19. Property Damage – Patterns, Molds and Dies**
- 20. Unintentional Failure To Disclose Hazards**
- 21. Waiver of Subrogation – Blanket**

1. ADDITIONAL INSUREDS

a. **WHO IS AN INSURED** is amended to include as an **Insured** any person or organization described in paragraphs **A.** through **K.** below whom a **Named Insured** is required to add as an additional insured on this **Coverage Part** under a written contract or written agreement, provided such contract or agreement:

(1) is currently in effect or becomes effective during the term of this **Coverage Part**; and

(2) was executed prior to:

(a) the **bodily injury** or **property damage**; or

(b) the offense that caused the **personal and advertising injury**, for which such additional insured seeks coverage.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

(1) a higher limit of insurance than required by such contract or agreement; or

(2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A.** through **K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

(1) a higher limit of insurance than required by such contract or agreement; or

(2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph A. through K. below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

A. Controlling Interest

Any person or organization with a controlling interest in a Named Insured, but only with respect to such person or organization's liability for bodily injury, property damage or personal and advertising injury arising out of:

1. such person or organization's financial control of a Named Insured; or
2. premises such person or organization owns, maintains or controls while a Named Insured leases or occupies such premises;

provided that the coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Co-owner of Insured Premises

A co-owner of a premises co-owned by a **Named Insured** and covered under this insurance but only with respect to such co-owner's liability for **bodily injury, property damage or personal and advertising injury** as co-owner of such premises.

C. Grantor of Franchise

Any person or organization that has granted a franchise to a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** as grantor of a franchise to the **Named Insured**.

D. Lessor of Equipment

Any person or organization from whom a **Named Insured** leases equipment, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** caused, in whole or in part, by the **Named Insured's** maintenance, operation or use of such equipment, provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease.

E. Lessor of Land

Any person or organization from whom a **Named Insured** leases land but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such land, provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

F. Lessor of Premises

An owner or lessor of premises leased to the **Named Insured**, or such owner or lessor's real estate manager, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such part of the premises leased to the **Named Insured**, and provided that the **occurrence** giving rise to such **bodily injury or property damage**, or the offense giving rise to such **personal and advertising injury**, takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

G. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee or receiver's liability for **bodily injury, property damage or personal and advertising injury** arising out of the **Named Insured's** ownership, maintenance, or use of a premises by a **Named Insured**.

The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

H. State or Governmental Agency or Subdivision or Political Subdivisions – Permits

A state or governmental agency or subdivision or political subdivision that has issued a permit or authorization but only with respect to such state or governmental agency or subdivision or political subdivision's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. the following hazards in connection with premises a **Named Insured** owns, rents, or controls and to which this insurance applies:

- a. the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners, or decorations and similar exposures; or
- b. the construction, erection, or removal of elevators; or
- c. the ownership, maintenance or use of any elevators covered by this insurance; or

2. the permitted or authorized operations performed by a **Named Insured** or on a **Named Insured's** behalf.

The coverage granted by this paragraph does not apply to:

- a. **Bodily injury, property damage or personal and advertising injury** arising out of operations performed for the state or governmental agency or subdivision or political subdivision; or
- b. **Bodily injury or property damage** included within the **products-completed operations hazard**.

With respect to this provision's requirement that additional insured status must be requested under a written contract or agreement, the Insurer will treat as a written contract any governmental permit that requires the **Named Insured** to add the governmental entity as an additional insured.

I. Trade Show Event Lessor

1. With respect to a **Named Insured's** participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom the **Named Insured** is required to include as an additional insured, but only with respect to such person or organization's liability for **bodily injury, property damage** or **personal and advertising injury** caused by:

a. the **Named Insured's** acts or omissions; or

b. the acts or omissions of those acting on the **Named Insured's** behalf, in the performance of the **Named Insured's** ongoing operations at the trade show event premises during the trade show event.

2. The coverage granted by this paragraph does not apply to **bodily injury** or **property damage** included within the **products-completed operations hazard**.

J. Vendor

Any person or organization but only with respect to such person or organization's liability for **bodily injury** or **property damage** arising out of **your products** which are distributed or sold in the regular course of such person or organization's business, provided that:

1. The coverage granted by this paragraph does not apply to:

a. **bodily injury** or **property damage** for which such person or organization is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement unless such liability exists in the absence of the contract or agreement;

b. any express warranty unauthorized by the **Named Insured**;

c. any physical or chemical change in any product made intentionally by such person or organization;

d. repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

e. any failure to make any inspections, adjustments, tests or servicing that such person or organization has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

f. demonstration, installation, servicing or repair operations, except such operations performed at such person or organization's premises in connection with the sale of a product;

g. products which, after distribution or sale by the **Named Insured**, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for such person or organization; or

h. **bodily injury** or **property damage** arising out of the sole negligence of such person or organization for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(1) the exceptions contained in Subparagraphs **d.** or **f.** above; or

(2) such inspections, adjustments, tests or servicing as such person or organization has agreed with the **Named Insured** to make or normally undertakes to make in the usual course of

business, in connection with the distribution or sale of the products.

2. This Paragraph J. does not apply to any insured person or organization, from whom the **Named Insured** has acquired such products, nor to any ingredient, part or container, entering into, accompanying or containing such products.

3. This Paragraph J. also does not apply:

a. to any vendor specifically scheduled as an additional insured by endorsement to this **Coverage Part**;

b. to any of **your products** for which coverage is excluded by endorsement to this **Coverage Part**; nor

c. if **bodily injury** or **property damage** included within the **products-completed operations hazard** is excluded by endorsement to this **Coverage Part**.

K. Other Person Or Organization / Your Work

Any person or organization who is not an additional insured under Paragraphs A. through J. above. Such additional insured is an **Insured** solely for **bodily injury, property damage** or **personal and advertising injury** for which such additional insured is liable because of the **Named Insured's** acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

1. who is specifically scheduled as an additional insured on another endorsement to this **Coverage Part**; nor

2. for **bodily injury** or **property damage** included within the **products-completed operations hazard** except to the extent all of the following apply:

a. this **Coverage Part** provides such coverage;

b. the written contract or agreement described in the opening paragraph of this **ADDITIONAL INSUREDS** Provision requires the **Named Insured** to provide the additional insured such coverage; and

c. the **bodily injury** or **property damage** results from **your work** that is the subject of the written contract or agreement, and such work has not been excluded by endorsement to this **Coverage Part**.

2. ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY TO ADDITIONAL INSURED'S INSURANCE

A. The **Other Insurance** Condition in the **COMMERCIAL GENERAL LIABILITY CONDITIONS** Section is amended to add the following paragraph:

If the **Named Insured** has agreed in writing in a contract or agreement that this insurance is primary and non-contributory relative to an additional insured's own insurance, then this insurance is primary, and the Insurer will not seek contribution from that other insurance. For the purpose of this Provision 2., the additional insured's own insurance means insurance on which the additional insured is a named insured.

B. With respect to persons or organizations that qualify as additional insureds pursuant to paragraph 1.K. of this endorsement, the following sentence is added to the paragraph above:

Otherwise, and notwithstanding anything to the contrary elsewhere in this Condition, the insurance provided to such person or organization is excess of any other insurance available to such person or organization.

3. BODILY INJURY – EXPANDED DEFINITION

Under **DEFINITIONS**, the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the physical injury, sickness or disease.

4. BROAD KNOWLEDGE OF OCCURRENCE/ NOTICE OF OCCURRENCE

Under **CONDITIONS**, the condition entitled **Duties in The Event of Occurrence, Offense, Claim or Suit** Condition is amended to add the following provisions:

A. BROAD KNOWLEDGE OF OCCURRENCE

The **Named Insured** must give the Insurer or the Insurer's authorized representative notice of an **occurrence**, offense or **claim** only when the **occurrence**, offense or **claim** is known to a natural person **Named Insured**, to a partner, executive officer, manager or member of a **Named Insured**, or to an **employee** designated by any of the above to give such notice.

B. NOTICE OF OCCURRENCE

The **Named Insured's** rights under this **Coverage Part** will not be prejudiced if the **Named Insured** fails to give the Insurer notice of an **occurrence**, offense or **claim** and that failure is solely due to the **Named Insured's** reasonable belief that the **bodily injury** or **property damage** is not covered under this **Coverage Part**. However, the **Named Insured** shall give written notice of such **occurrence**, offense or **claim** to the Insurer as soon as the **Named Insured** is aware that this insurance may apply to such **occurrence**, offense or **claim**.

5. BROAD NAMED INSURED

WHO IS AN INSURED is amended to delete its Paragraph 3. in its entirety and replace it with the following:

3. Pursuant to the limitations described in Paragraph 4. below, any organization in which a **Named Insured** has management control:

a. on the effective date of this **Coverage Part**; or

b. by reason of a **Named Insured** creating or acquiring the organization during the **policy period**, qualifies as a **Named Insured**, provided that there is no other similar liability insurance, whether primary, contributory, excess, contingent or otherwise, which provides coverage to such organization, or which would have provided coverage but for the exhaustion of its limit, and without regard to whether its coverage is broader or narrower than that provided by this insurance.

But this **BROAD NAMED INSURED** provision does not apply to:

(a) any partnership or joint venture; or

(b) any organization for which coverage is excluded by another endorsement attached to this Coverage

Part.

For the purpose of this provision, and of this endorsement's **JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES** provision, management control means:

A. owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation, or the members of the management board of a limited liability company; or

B. having the right, pursuant to a written trust agreement, to protect, control the use of, encumber or transfer or sell property held by a trust.

4. With respect to organizations which qualify as **Named Insureds** by virtue of Paragraph 3. above, this insurance does not apply to:

a. bodily injury or property damage that first occurred prior to the date of management control, or that first occurs after management control ceases; nor

b. personal or advertising injury caused by an offense that first occurred prior to the date of management control or that first occurs after management control ceases.

5. The insurance provided by this **Coverage Part** applies to **Named Insureds** when trading under their own names or under such other trading names or doing-business-as names (dba) as any **Named Insured** should choose to employ.

6. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such **spouse**. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or **spouse** outside the scope of such person's capacity or status as such, provided however that the **spouse** of a natural person **Named Insured** and the **spouses** of members or partners of joint venture or partnership **Named Insureds** are **Insureds** with respect to such **spouses'** acts, errors or omissions in the conduct of the **Named Insured's** business.

7. EXPECTED OR INTENDED INJURY – EXCEPTION FOR REASONABLE FORCE

Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Expected or Intended Injury** and replace it with the following:

This insurance does not apply to:

Expected or Intended Injury

Bodily injury or property damage expected or intended from the standpoint of the **Insured**. This exclusion does not apply to **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property.

8. IN REM ACTIONS

A quasi *in rem* action against any vessel owned or operated by or for the **Named Insured**, or chartered by or for the **Named Insured**, will be treated in the same manner as though the action were *in personam* against the **Named Insured**.

9. INCIDENTAL HEALTH CARE MALPRACTICE COVERAGE

Solely with respect to **bodily injury** that arises out of a **health care incident**:

A. Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the **Insuring Agreement** is amended to replace Paragraphs **1.b.(1)** and **1.b.(2)** with the following:

b. This insurance applies to **bodily injury** provided that the professional health care services are incidental

to the **Named Insured's** primary business purpose, and only if:

(1) such **bodily injury** is caused by an **occurrence** that takes place in the **coverage territory**.

(2) the **bodily injury** first occurs during the **policy period**. All **bodily injury** arising from an **occurrence** will be deemed to have occurred at the time of the first act, error, or omission that is part of the **occurrence**; and

B. Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to:

i. add the following to the **Employers Liability** exclusion:

This exclusion applies only if the **bodily injury** arising from a **health care incident** is covered by other liability insurance available to the **Insured** (or which would have been available but for exhaustion of its limits).

ii. delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

the **Insured's** actual or alleged liability under any oral or written contract or agreement, including but not limited to express warranties or guarantees.

iii. add the following additional exclusions.

This insurance does not apply to:

Discrimination

any actual or alleged discrimination, humiliation or harassment, that includes but shall not be limited to **claims** based on an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual orientation.

Dishonesty or Crime

Any actual or alleged dishonest, criminal or malicious act, error or omission.

Medicare/Medicaid Fraud

any actual or alleged violation of law with respect to Medicare, Medicaid, Tricare or any similar federal, state or local governmental program.

Services Excluded by Endorsement

Any **health care incident** for which coverage is excluded by endorsement.

C. DEFINITIONS is amended to:

i. add the following definitions:

Health care incident means an act, error or omission by the **Named Insured's employees or volunteer workers** in the rendering of:

- a. **professional health care services** on behalf of the **Named Insured** or
- b. Good Samaritan services rendered in an emergency and for which no payment is demanded or received.

Professional health care services means any health care services or the related furnishing of food, beverages, medical supplies or appliances by the following providers in their capacity as such but solely to the extent they are duly licensed as required:

- a. Physician;
- b. Nurse;
- c. Nurse practitioner;
- d. Emergency medical technician;
- e. Paramedic;
- f. Dentist;
- g. Physical therapist;
- h. Psychologist;
- i. Speech therapist;
- j. Other allied health professional; or

Professional health care services does not include any services rendered in connection with human clinical trials or product testing.

ii. delete the definition of **occurrence** and replace it with the following:

Occurrence means a **health care incident**. All acts, errors or omissions that are logically

connected by any common fact, circumstance, situation, transaction, event, advice or decision will be considered to constitute a single **occurrence**;

iii. amend the definition of **Insured** to:

a. add the following:

• the **Named Insured's employees** are **Insureds** with respect to:

(1) **bodily injury** to a **co-employee** while in the course of the **co-employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to a **volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; when such **bodily injury** arises out of a **health care incident**.

• the **Named Insured's volunteer workers** are **Insureds** with respect to:

(1) **bodily injury** to a **co-volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to an **employee** while in the course of the **employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.

b. delete Subparagraphs (a), (b), (c) and (d) of Paragraph 2.a.(1) of **WHO IS AN INSURED**.

c. add the following:

Insured does not include any physician while acting in his or her capacity as such.

D. The **Other Insurance** condition is amended to delete Paragraph **b.(1)** in its entirety and replace it with the following:

Other Insurance

b. **Excess Insurance**

(1) To the extent this insurance applies, it is excess over any other insurance, self insurance or risk transfer instrument, whether primary, excess, contingent or on any other basis, except for insurance purchased specifically by the **Named Insured** to be excess of this coverage.

10. JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES

WHO IS AN INSURED is amended to delete its last paragraph and replace it with the following:

No person or organization is an **Insured** with respect to:

- the conduct of any current or past partnership or joint venture that is not shown as a **Named Insured** in the Declarations; nor
- the conduct of a current or past limited liability company in which a **Named Insured's** interest does/did not rise to the level of management control;

except that if the **Named Insured** was a joint venturer, partner, or member of such a limited liability company, and such joint venture, partnership or limited liability company terminated prior to or during the **policy period**, then such **Named Insured** is an **Insured** with respect to its interest in such joint venture, partnership or limited liability company but only to the extent that:

- a. any offense giving rise to **personal and advertising injury** occurred prior to such termination date, and the **personal and advertising injury** arising out of such offense, first occurred after such termination date;
- b. the **bodily injury** or **property damage** first occurred after such termination date; and
- c. there is no other valid and collectible insurance purchased specifically to insure the partnership, joint venture or limited liability company.

11. LEGAL LIABILITY – DAMAGE TO PREMISES

A. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the first paragraph immediately following subparagraph **(6)** of the **Damage to Property** exclusion and replace it with the following:

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to **property damage** (other than damage by fire) to premises rented to the **Named Insured** or temporarily occupied by the **Named Insured** with the permission of the owner, nor to the contents of premises rented to the **Named Insured** for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **LIMITS OF INSURANCE**.

B. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete its last paragraph and replace it with the following:

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with permission of the owner, nor to damage to the contents of premises rented to a **Named Insured** for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in the **LIMITS OF INSURANCE** Section.

C. **LIMITS OF INSURANCE** is amended to delete Paragraph **6.** (the Damage To Premises Rented To You Limit) and replace it with the following:

6. Subject to Paragraph **5.** above, (the Each Occurrence Limit), the Damage To Premises Rented To You Limit is the most the Insurer will pay under **COVERAGE A** for **damages** because of **property damage** to:

- a.** any one premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured**

with the permission of the owner; and

b. contents of such premises if the premises is rented to the **Named Insured** for a period of 7 or fewer consecutive days.

The Damage To Premises Rented To You Limit is \$500,000. unless a different Damage to Premises Rented to You Limit is shown in the Declarations.

D. The **Other Insurance** Condition is amended to delete Paragraph **b.(1)(a)(ii)**, and replace it with the following:

(ii) That is property insurance for premises rented to a **Named Insured**, for premises temporarily occupied by the **Named Insured** with the permission of the owner; or for personal property of others in the **Named Insured's** care, custody or control;

E. This Provision **11.** does not apply if liability for damage to premises rented to a **Named Insured** is excluded by another endorsement attached to this **Coverage Part.**

12. MEDICAL PAYMENTS

A. LIMITS OF INSURANCE is amended to delete Paragraph **7.** (the Medical Expense Limit) and replace it with the following:

7. Subject to Paragraph **5.** above (the Each Occurrence Limit), the Medical Expense Limit is the most the Insurer will pay under **Coverage C – Medical Payments** for all medical expenses because of **bodily injury** sustained by any one person. The Medical Expense Limit is the greater of:

- (1)** \$15,000 unless a different amount is shown here: @@@@; or
- (2)** the amount shown in the Declarations for Medical Expense Limit.

B. Under **COVERAGES**, the **Insuring Agreement of Coverage C – Medical Payments** is amended to replace Paragraph **1.a.(3)(b)** with the following:

(b) The expenses are incurred and reported to the Insurer within three years of the date of the accident;
and

This Paragraph **B.** does not apply to medical expenses incurred in the state of Missouri.

13. NON-OWNED AIRCRAFT

Under **COVERAGES**, **Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended as follows:

The exclusion entitled **Aircraft, Auto or Watercraft** is amended to add the following:

This exclusion does not apply to an aircraft not owned by any **Named Insured**, provided that:

- 1.** the pilot in command holds a currently effective certificate issued by the duly constituted authority of the United States of America or Canada, designating that person as a commercial or airline transport pilot;

- 2.** the aircraft is rented with a trained, paid crew to the **Named Insured**; and

3. the aircraft is not being used to carry persons or property for a charge.

14. NON-OWNED WATERCRAFT

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraph (2) of the exclusion entitled **Aircraft, Auto or Watercraft**, and replace it with the following.

This exclusion does not apply to:

(2) a watercraft that is not owned by any **Named Insured**, provided the watercraft is:

(a) less than 75 feet long; and

(b) not being used to carry persons or property for a charge.

15. PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION

A. Under **DEFINITIONS**, the definition of **personal and advertising injury** is amended to add the following tort:

• Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

B. Under **COVERAGES, Coverage B – Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to:

1. delete the Exclusion entitled **Knowing Violation Of Rights Of Another** and replace it with the following:

This insurance does not apply to:

Knowing Violation of Rights of Another

Personal and advertising injury caused by or at the direction of the **Insured** with the knowledge that the act would violate the rights of another and would inflict **personal and advertising injury**. This exclusion shall not apply to discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is not done intentionally by or at the direction of:

(a) the **Named Insured**; or

(b) any **executive officer**, director, stockholder, partner, member or manager (if the **Named Insured** is a limited liability company) of the **Named Insured**.

2. add the following exclusions:

This insurance does not apply to:

Employment Related Discrimination

Discrimination or humiliation directly or indirectly related to the employment, prospective

employment,
past employment or termination of employment of any person by any **Insured**.
Premises Related Discrimination

discrimination or humiliation arising out of the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any **Insured**.

Notwithstanding the above, there is no coverage for fines or penalties levied or imposed by a governmental entity because of discrimination.

The coverage provided by this **PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION** Provision does not apply to any person or organization whose status as an **Insured** derives solely from

- Provision **1. ADDITIONAL INSURED** of this endorsement; or
- attachment of an additional insured endorsement to this **Coverage Part**.

16. PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY

A. Under **COVERAGES, Coverage B –Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

Personal and advertising injury for which the **Insured** has assumed liability in a contract or agreement.

This exclusion does not apply to liability for **damages**:

(1) that the **Insured** would have in the absence of the contract or agreement; or

(2) assumed in a contract or agreement that is an **insured contract** provided the offense that caused such **personal or advertising injury** first occurred subsequent to the execution of such **insured contract**. Solely for the purpose of liability assumed in an **insured contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an **Insured** are deemed to be **damages** because of **personal and advertising injury** provided:

(a) liability to such party for, or for the cost of, that party's defense has also been assumed in such **insured contract**; and

(b) such attorney fees and litigation expenses are for defense of such party against a civil or alternative dispute resolution proceeding in which covered **damages** are alleged.

B. Solely for the purpose of the coverage provided by this paragraph, **DEFINITIONS** is amended to delete the definition of **insured contract** in its entirety, and replace it with the following:

Insured contract means that part of a written contract or written agreement pertaining to the **Named Insured's** business under which the **Named Insured** assumes the tort liability of another party to pay for

personal or advertising injury arising out of the offense of false arrest, detention or imprisonment. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

C. Solely for the purpose of the coverage provided by this paragraph, the following changes are made to the Section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**:

1. Paragraph 2.d. is replaced by the following:

d. The allegations in the **suit** and the information the Insurer knows about the offense alleged in such **suit** are such that no conflict appears to exist between the interests of the **Insured** and the interests of the indemnitee;

2. The first unnumbered paragraph beneath Paragraph 2.f.(2)(b) is deleted and replaced by the following:

So long as the above conditions are met, attorneys fees incurred by the Insurer in the defense of that indemnitee, necessary litigation expenses incurred by the Insurer, and necessary litigation expenses incurred by the indemnitee at the Insurer's request will be paid as **defense costs**. Notwithstanding the provisions of Paragraph e.(2) of the Contractual Liability exclusion (as amended by this Endorsement), such payments will not be deemed to be **damages** for **personal and advertising injury** and will not reduce the limits of insurance.

D. This **PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY** Provision does not apply if **Coverage B –Personal and Advertising Injury Liability** is excluded by another endorsement attached to this **Coverage Part**.

17. PROPERTY DAMAGE – ELEVATORS

A. Under **COVERAGES**, **Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended such that the **Damage to Your Product** Exclusion and subparagraphs (3), (4) and (6) of the **Damage to Property** Exclusion do not apply to **property damage** that results from the use of elevators.

B. Solely for the purpose of the coverage provided by this **PROPERTY DAMAGE – ELEVATORS** Provision, the **Other Insurance** conditions is amended to add the following paragraph:

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is Property insurance covering property of others damaged from the use of elevators.

18. SUPPLEMENTARY PAYMENTS

The section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** is amended as follows:

A. Paragraph 1.b. is amended to delete the \$250 limit shown for the cost of bail bonds and replace it with a \$5,000. limit; and

B. Paragraph 1.d. is amended to delete the limit of \$250 shown for daily loss of earnings and replace it with a \$1,000. limit.

19. PROPERTY DAMAGE - PATTERNS MOLDS AND DIES

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraphs **(3)** and **(4)** of the Exclusion entitled **Damage to Property**, but only with respect to patterns, molds or dies that are in the care, custody or control of the **Insured**, and only if such patterns, molds or dies are not being used to perform operations at the time of loss. A limit of insurance of \$25,000 per **policy period** applies to this **PROPERTY DAMAGE - PATTERNS MOLDS AND DIES** coverage, and this limit:

- A. is included within the General Aggregate Limit as described in **LIMITS OF INSURANCE**; and
- B. applies excess over any valid and collectible property insurance available to the **Insured**, including any deductible applicable to such insurance; the **Other Insurance** condition is changed accordingly.

20. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

If the **Named Insured** unintentionally fails to disclose all existing hazards at the inception date of the **Named Insured's Coverage Part**, the Insurer will not deny coverage under this **Coverage Part** because of such failure.

21. WAIVER OF SUBROGATION - BLANKET

Under **CONDITIONS**, the condition entitled **Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following:

The Insurer waives any right of recovery the Insurer may have against any person or organization because of payments the Insurer makes for injury or damage arising out of:

1. the **Named Insured's** ongoing operations; or
2. **your work** included in the **products-completed operations hazard**.

However, this waiver applies only when the **Named Insured** has agreed in writing to waive such rights of recovery in a written contract or written agreement, and only if such contract or agreement:

1. is in effect or becomes effective during the term of this **Coverage Part**; and
2. was executed prior to the **bodily injury, property damage or personal and advertising injury** giving rise to the **claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.

AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE
CITY OF MANHATTAN BEACH, AND GRANICUS, INC.

This First Amendment (Amendment No. 1) to that certain agreement by and between the City of Manhattan Beach, a California municipal corporation ("City") and Granicus, Inc., a California Corporation ("Consultant"), is hereby entered into as of February 1, 2019 ("Effective Date").

RECITALS

A. On February 1, 2018, the City and Consultant entered into an Agreement for professional services for the contractor to provide streaming media solutions that include hardware, software, automated indexing capabilities, voting systems, website page design and integration with City Council agendas, a meeting minutes module, and related support services ("Agreement").

B. City is reviewing the proposals for automated agenda management and desires to retain Contractor to continue performing the services described herein during such review period in accordance with the terms and conditions of this Agreement.

C. The Parties now desire to amend the Agreement to extend the term and increase the maximum compensation.

NOW, THEREFORE, in consideration of the Parties' performance of the promises, covenants, and conditions stated herein, the Parties hereby agree as follows:

Section 1. Section 2 of the Agreement is hereby revised to extend the term of the Agreement through December 31, 2019, unless sooner terminated as provided in Section 12 of the Agreement.

Section 2. Section 3.A of the Agreement is hereby revised to increase the Maximum Compensation amount by \$41,020.87.

Section 3. "Exhibit A" of the Agreement is hereby replaced by "Exhibit B" attached to this Amendment.


Section 4. Except as specifically amended by this Amendment No. 1, all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 on the day and year first shown above by their duly authorized representatives.

CITY OF MANHATTAN BEACH

GRANICUS, INC. (CONSULTANT)

By: 
Bruce Moe, City Manager

By: 
Its: Vice President of Legal

ATTEST:

 1-25-19
Liza Tamura, City Clerk

APPROVED AS TO FORM:


Quinn M. Barrow, City Attorney

Granicus Proposal for Manhattan Beach, CA

Granicus Contact

Name: Thomas Raville

Phone: 720.770.5592

Email: thomas.raville@granicus.com

Proposal Details

Quote Number: Q-37116

Prepared On: 12/20/2018

Valid Through: 1/31/2019

Pricing

Payment Terms: Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)

Currency: USD

Current Subscription End Date: 12/31/2018

Period of Performance: 1/1/2019 - 12/31/2019

Annual Fees for Renewing Subscriptions

Solution	Billing Frequency	Quantity/Unit	Annual Fee
Portable Encoder	Quarterly	1 Each	\$2,568.00
Government Transparency Suite	Quarterly	1 Each	\$19,573.81
Government Transparency Managed Services Hardware (GT)	Quarterly	1 Each	\$0.00
VoteCast Station for Meeting Efficiency Suite (ME)	Quarterly	1 Each	\$0.00
Meeting Efficiency Suite	Quarterly	1 Each	\$0.00
Open Platform Suite	Quarterly	1 Each	\$3,880.89
Legistar	Quarterly	1 Each	\$2,571.21
VoteCast Package for Meeting Efficiency Suite (7 seats)	Quarterly	1 Each	\$7,626.96
Citizen Participation Suite	Quarterly	1 Each	\$0.00
Granicus Encoding Appliance Software (GT)	Quarterly	1 Each	\$1,200.00
		SUBTOTAL:	\$41,020.87

Annual Fees for Renewing Subscriptions

Solution	Billing Frequency	Quantity/Unit	Annual Fee
Performance Accelerator Suite	Quarterly	1 Each	\$2,400.00
Upgrade to SDI 720p Streaming	Quarterly	1 Each	\$1,200.00
		SUBTOTAL:	\$41,020.87

Product Descriptions	
Name	Description
Portable Encoder	Ongoing Service fee for Portable Encoder hardware.
Government Transparency Suite	Government Transparency are the live in-meeting functions. Streaming of an event, pushing of documents, indexing of event, creation of minutes.
Government Transparency Managed Services Hardware (GT)	The managed equipment solution offers an encoding appliance that is fully managed and maintained by Granicus.
Meeting Efficiency Suite	<p>Meeting Efficiency is a hybrid Software-as-a-Service (SaaS) and Hardware-as-a-Service (HaaS) solution that enables government organizations to simplify the in-meeting management and post-meeting minutes creation processes of the clerk's office. By leveraging this solution, the client will be able to streamline meeting data capture and minutes production, reducing staff efforts and decreasing time to get minutes published. During a meeting, record roll calls, motions, votes, notes, and speakers, all indexed with video. Use the index points to quickly edit minutes, templates to format in Microsoft Word or HTML, and publish online with the click of a button. Meeting Efficiency includes:</p> <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies • Unlimited storage of minutes documents • Access to one Granicus platform site • Access to the LiveManager software application for recording information during meetings • Access to the Word Add-in software component for minutes formatting in MS Word if desired • One MS Word or HTML minutes template (additional templates can be purchased if needed)
Open Platform Suite	Open Platform is access to MediaManager, upload of archives, ability to post agendas/ documents, and index of archives. These are able to be published and accessible through a searchable viewpage.

Product Descriptions

Name	Description
Legistar	<p>Legistar is a Software-as-a-Service (SaaS) solution that enables government organizations to automate the entire Legislative process of the clerk's office. By leveraging Legistar, the client will be able to easily manage the entire legislative process from drafting files, through assignment to various departments, to final approval. Legistar includes:</p> <ul style="list-style-type: none"> • Unlimited user accounts • Unlimited meeting bodies and meeting types • Unlimited data storage and retention • Configuration services for one meeting body\type • One Legistar database • One InSite web portal • Design services for one agenda report template • Design services for one minute's report template
Citizen Participation Suite	<p>The Granicus Citizen Participation suite provides the ability to involve the community throughout the legislative process and produce better outcomes. The Citizen Participation suite also reduces staff time by providing the ability to effortlessly collect, manage, and prioritize citizen input. The software provides a convenient way for citizens to voice their feedback and participate online. Granicus Citizen Participation includes:</p> <ul style="list-style-type: none"> • Unlimited user signup • SpeakUp tool • eComment tool • Ability for citizens to sign up and participate in online projects, discussions, forums, ideas, surveys, and meetings • Spam protection through CAPTCHA • Profanity filters • Role permissions for administrators • Idea module • Discussion module • Forum module • Projects module • Survey module • Meetings module • Reporting on a module by module basis • Ability to request, speak, or comment on agenda items
Granicus Encoding Appliance Software (GT)	<p>Granicus Encoding Appliance Software (GT) This includes the LiveManager Software solution where webcasts are started/stopped, agendas amended and indexed, votes and attendance recorded, and minutes created.</p>

Product Descriptions

Name	Description
Performance Accelerator Suite	Performance Accelerator Suite provides the ability to utilize the performance accelerator within a network. Requires Performance Accelerator or Virtual Performance Accelerator to distribute video/indexing/documents within a local network. This distribution is utilized to eliminate the bandwidth impact local viewers would have accessing data from the Granicus Data Center.
Upgrade to SDI 720p Streaming	Upgrade to SDI 720p Streaming (requires Digital encoder and HD feed)



CERTIFICATE OF LIABILITY INSURANCE

10/20/2019

DATE (MM/DD/YYYY)

10/15/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

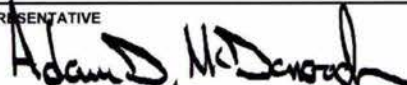
PRODUCER Lockton Insurance Brokers, LLC CA License #OF15767 Three Embarcadero Center, Suite 600 San Francisco CA 94111 (415) 568-4000	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A : National Fire Insurance Co of Hartford</td> <td>20478</td> </tr> <tr> <td>INSURER B : Valley Forge Insurance Company</td> <td>20508</td> </tr> <tr> <td>INSURER C : The Continental Insurance Company</td> <td>35289</td> </tr> <tr> <td>INSURER D : Columbia Casualty Company</td> <td>31127</td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </tbody> </table>		INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : National Fire Insurance Co of Hartford	20478	INSURER B : Valley Forge Insurance Company	20508	INSURER C : The Continental Insurance Company	35289	INSURER D : Columbia Casualty Company	31127	INSURER E :		INSURER F :
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INSURED 1424321 Granicus, LLC Granicus, Inc 707 17th Street, Suite 4000 Denver CO 80202															

COVERAGES GRAIN01 **CERTIFICATE NUMBER:** 14747148 **REVISION NUMBER:** XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:	Y	Y	6043664103	10/20/2018	10/20/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
B	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY <input checked="" type="checkbox"/> Comp \$100 Ded <input checked="" type="checkbox"/> Coll \$1,000 Ded	N	N	6043664084	10/20/2018	10/20/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per accident) \$ XXXXXXXX PROPERTY DAMAGE (Per accident) \$ XXXXXXXX \$ XXXXXXXX
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			NOT APPLICABLE			EACH OCCURRENCE \$ XXXXXXXX AGGREGATE \$ XXXXXXXX \$ XXXXXXXX
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	6043364067 (AOS) 6043364070 (CA)	10/20/2018 10/20/2018	10/20/2019 10/20/2019	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	Prof. Liab / Tech E&O Network Sec & Privacy Liab	N	N	596722177 (E&O)	9/7/2018	10/20/2019	\$5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 City of Manhattan Beach, its officers, employees, agents and volunteers are included as Additional Insured with respect to liability arising out of the operations of the insured and to the extent provided by the policy language or endorsement issued or approved by the insurance carrier. Waiver of Subrogation applies per attached endorsement(s) or policy language.

CERTIFICATE HOLDER 14747148 City of Manhattan Beach 1400 Highland Avenue Manhattan Beach CA 90266	CANCELLATION See Attachment SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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CNA Technology General Liability Extension Endorsement

It is understood and agreed that this endorsement amends the **COMMERCIAL GENERAL LIABILITY COVERAGE PART** as follows. If any other endorsement attached to this policy amends any provision also amended by this endorsement, then that other endorsement controls with respect to such provision, and the changes made by this endorsement with respect to such provision do not apply.

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1. ADDITIONAL INSUREDS

a. **WHO IS AN INSURED** is amended to include as an **Insured** any person or organization described in paragraphs **A.** through **K.** below whom a **Named Insured** is required to add as an additional insured on this **Coverage Part** under a written contract or written agreement, provided such contract or agreement:

(1) is currently in effect or becomes effective during the term of this **Coverage Part**; and

(2) was executed prior to:

(a) the **bodily injury** or **property damage**; or

(b) the offense that caused the **personal and advertising injury**, for which such additional insured seeks coverage.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

(1) a higher limit of insurance than required by such contract or agreement; or

(2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A.** through **K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

b. However, subject always to the terms and conditions of this policy, including the limits of insurance, the Insurer will not provide such additional insured with:

- (1) a higher limit of insurance than required by such contract or agreement; or
- (2) coverage broader than required by such contract or agreement, and in no event broader than that described by the applicable paragraph **A.** through **K.** below.

Any coverage granted by this endorsement shall apply only to the extent permissible by law.

A. Controlling Interest

Any person or organization with a controlling interest in a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. such person or organization's financial control of a **Named Insured**; or
2. premises such person or organization owns, maintains or controls while a **Named Insured** leases or occupies such premises;

provided that the coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

B. Co-owner of Insured Premises

A co-owner of a premises co-owned by a **Named Insured** and covered under this insurance but only with respect to such co-owner's liability for **bodily injury, property damage or personal and advertising injury** as co-owner of such premises.

C. Grantor of Franchise

Any person or organization that has granted a franchise to a **Named Insured**, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** as grantor of a franchise to the **Named Insured**.

D. Lessor of Equipment

Any person or organization from whom a **Named Insured** leases equipment, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** caused, in whole or in part, by the **Named Insured's** maintenance, operation or use of such equipment, provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease.

E. Lessor of Land

Any person or organization from whom a **Named Insured** leases land but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such land, provided that the **occurrence** giving rise to such **bodily injury, property damage** or the offense giving rise to such **personal and advertising injury** takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

F. Lessor of Premises

An owner or lessor of premises leased to the **Named Insured**, or such owner or lessor's real estate manager, but only with respect to liability for **bodily injury, property damage or personal and advertising injury** arising out of the ownership, maintenance or use of such part of the premises leased to the **Named Insured**, and provided that the **occurrence** giving rise to such **bodily injury or property damage**, or the offense giving rise to such **personal and advertising injury**, takes place prior to the termination of such lease. The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

G. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver of premises but only with respect to such mortgagee, assignee or receiver's liability for **bodily injury, property damage or personal and advertising injury** arising out of the **Named Insured's** ownership, maintenance, or use of a premises by a **Named Insured**.

The coverage granted by this paragraph does not apply to structural alterations, new construction or demolition operations performed by, on behalf of, or for such additional insured.

H. State or Governmental Agency or Subdivision or Political Subdivisions – Permits

A state or governmental agency or subdivision or political subdivision that has issued a permit or authorization but only with respect to such state or governmental agency or subdivision or political subdivision's liability for **bodily injury, property damage or personal and advertising injury** arising out of:

1. the following hazards in connection with premises a **Named Insured** owns, rents, or controls and to which this insurance applies:

- a. the existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoist away openings, sidewalk vaults, street banners, or decorations and similar exposures; or
- b. the construction, erection, or removal of elevators; or
- c. the ownership, maintenance or use of any elevators covered by this insurance; or

2. the permitted or authorized operations performed by a **Named Insured** or on a **Named Insured's** behalf.

The coverage granted by this paragraph does not apply to:

- a. **Bodily injury, property damage or personal and advertising injury** arising out of operations performed for the state or governmental agency or subdivision or political subdivision; or
- b. **Bodily injury or property damage** included within the **products-completed operations hazard**.

With respect to this provision's requirement that additional insured status must be requested under a written contract or agreement, the Insurer will treat as a written contract any governmental permit that requires the **Named Insured** to add the governmental entity as an additional insured.

I. Trade Show Event Lessor

1. With respect to a **Named Insured's** participation in a trade show event as an exhibitor, presenter or displayer, any person or organization whom the **Named Insured** is required to include as an additional insured, but only with respect to such person or organization's liability for **bodily injury, property damage or personal and advertising injury** caused by:

a. the **Named Insured's** acts or omissions; or

b. the acts or omissions of those acting on the **Named Insured's** behalf, in the performance of the **Named Insured's** ongoing operations at the trade show event premises during the trade show event.

2. The coverage granted by this paragraph does not apply to **bodily injury or property damage** included within the **products-completed operations hazard**.

J. Vendor

Any person or organization but only with respect to such person or organization's liability for **bodily injury or property damage** arising out of **your products** which are distributed or sold in the regular course of such person or organization's business, provided that:

1. The coverage granted by this paragraph does not apply to:

a. **bodily injury or property damage** for which such person or organization is obligated to pay **damages** by reason of the assumption of liability in a contract or agreement unless such liability exists in the absence of the contract or agreement;

b. any express warranty unauthorized by the **Named Insured**;

c. any physical or chemical change in any product made intentionally by such person or organization;

d. repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;

e. any failure to make any inspections, adjustments, tests or servicing that such person or organization has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;

f. demonstration, installation, servicing or repair operations, except such operations performed at such person or organization's premises in connection with the sale of a product;

g. products which, after distribution or sale by the **Named Insured**, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for such person or organization; or

h. **bodily injury or property damage** arising out of the sole negligence of such person or organization for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

(1) the exceptions contained in Subparagraphs d. or f. above; or

(2) such inspections, adjustments, tests or servicing as such person or organization has agreed with the **Named Insured** to make or normally undertakes to make in the usual course of

business, in connection with the distribution or sale of the products.

2. This Paragraph J. does not apply to any insured person or organization, from whom the **Named Insured** has acquired such products, nor to any ingredient, part or container, entering into, accompanying or containing such products.

3. This Paragraph J. also does not apply:

a. to any vendor specifically scheduled as an additional insured by endorsement to this **Coverage Part**;

b. to any of **your products** for which coverage is excluded by endorsement to this **Coverage Part**; nor

c. if **bodily injury** or **property damage** included within the **products-completed operations hazard** is excluded by endorsement to this **Coverage Part**.

K. Other Person Or Organization / Your Work

Any person or organization who is not an additional insured under Paragraphs A. through J. above. Such additional insured is an **Insured** solely for **bodily injury, property damage** or **personal and advertising injury** for which such additional insured is liable because of the **Named Insured's** acts or omissions.

The coverage granted by this paragraph does not apply to any person or organization:

1. who is specifically scheduled as an additional insured on another endorsement to this **Coverage Part**; nor

2. for **bodily injury** or **property damage** included within the **products-completed operations hazard** except to the extent all of the following apply:

a. this **Coverage Part** provides such coverage;

b. the written contract or agreement described in the opening paragraph of this **ADDITIONAL INSUREDS** Provision requires the **Named Insured** to provide the additional insured such coverage; and

c. the **bodily injury** or **property damage** results from **your work** that is the subject of the written contract or agreement, and such work has not been excluded by endorsement to this **Coverage Part**.

2. ADDITIONAL INSURED - PRIMARY AND NON-CONTRIBUTORY TO ADDITIONAL INSURED'S INSURANCE

A. The **Other Insurance** Condition in the **COMMERCIAL GENERAL LIABILITY CONDITIONS** Section is amended to add the following paragraph:

If the **Named Insured** has agreed in writing in a contract or agreement that this insurance is primary and non-contributory relative to an additional insured's own insurance, then this insurance is primary, and the Insurer will not seek contribution from that other insurance. For the purpose of this Provision 2., the additional insured's own insurance means insurance on which the additional insured is a named insured.

B. With respect to persons or organizations that qualify as additional insureds pursuant to paragraph 1.K. of this endorsement, the following sentence is added to the paragraph above:

Otherwise, and notwithstanding anything to the contrary elsewhere in this Condition, the insurance provided to such person or organization is excess of any other insurance available to such person or organization.

3. BODILY INJURY – EXPANDED DEFINITION

Under **DEFINITIONS**, the definition of **bodily injury** is deleted and replaced by the following:

Bodily injury means physical injury, sickness or disease sustained by a person, including death, humiliation, shock, mental anguish or mental injury sustained by that person at any time which results as a consequence of the physical injury, sickness or disease.

4. BROAD KNOWLEDGE OF OCCURRENCE/ NOTICE OF OCCURRENCE

Under **CONDITIONS**, the condition entitled **Duties in The Event of Occurrence, Offense, Claim or Suit** Condition is amended to add the following provisions:

A. BROAD KNOWLEDGE OF OCCURRENCE

The **Named Insured** must give the Insurer or the Insurer's authorized representative notice of an **occurrence**, offense or **claim** only when the **occurrence**, offense or **claim** is known to a natural person **Named Insured**, to a partner, executive officer, manager or member of a **Named Insured**, or to an **employee** designated by any of the above to give such notice.

B. NOTICE OF OCCURRENCE

The **Named Insured's** rights under this **Coverage Part** will not be prejudiced if the **Named Insured** fails to give the Insurer notice of an **occurrence**, offense or **claim** and that failure is solely due to the **Named Insured's** reasonable belief that the **bodily injury** or **property damage** is not covered under this **Coverage Part**. However, the **Named Insured** shall give written notice of such **occurrence**, offense or **claim** to the Insurer as soon as the **Named Insured** is aware that this insurance may apply to such **occurrence**, offense or **claim**.

5. BROAD NAMED INSURED

WHO IS AN INSURED is amended to delete its Paragraph 3. in its entirety and replace it with the following:

3. Pursuant to the limitations described in Paragraph 4. below, any organization in which a **Named Insured** has management control:

a. on the effective date of this **Coverage Part**; or

b. by reason of a **Named Insured** creating or acquiring the organization during the **policy period**, qualifies as a **Named Insured**, provided that there is no other similar liability insurance, whether primary, contributory, excess, contingent or otherwise, which provides coverage to such organization, or which would have provided coverage but for the exhaustion of its limit, and without regard to whether its coverage is broader or narrower than that provided by this insurance.

But this **BROAD NAMED INSURED** provision does not apply to:

(a) any partnership or joint venture; or

(b) any organization for which coverage is excluded by another endorsement attached to this Coverage

Part.

For the purpose of this provision, and of this endorsement's **JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES** provision, management control means:

A. owning interests representing more than 50% of the voting, appointment or designation power for the selection of a majority of the Board of Directors of a corporation, or the members of the management board of a limited liability company; or

B. having the right, pursuant to a written trust agreement, to protect, control the use of, encumber or transfer or sell property held by a trust.

4. With respect to organizations which qualify as **Named Insureds** by virtue of Paragraph 3. above, this insurance does not apply to:

a. bodily injury or property damage that first occurred prior to the date of management control, or that first occurs after management control ceases; nor

b. personal or advertising injury caused by an offense that first occurred prior to the date of management control or that first occurs after management control ceases.

5. The insurance provided by this **Coverage Part** applies to **Named Insureds** when trading under their own names or under such other trading names or doing-business-as names (dba) as any **Named Insured** should choose to employ.

6. ESTATES, LEGAL REPRESENTATIVES, AND SPOUSES

The estates, heirs, legal representatives and **spouses** of any natural person **Insured** shall also be insured under this policy; provided, however, coverage is afforded to such estates, heirs, legal representatives, and **spouses** only for **claims** arising solely out of their capacity or status as such and, in the case of a **spouse**, where such **claim** seeks **damages** from marital community property, jointly held property or property transferred from such natural person **Insured** to such **spouse**. No coverage is provided for any act, error or omission of an estate, heir, legal representative, or **spouse** outside the scope of such person's capacity or status as such, provided however that the **spouse** of a natural person **Named Insured** and the **spouses** of members or partners of joint venture or partnership **Named Insureds** are **Insureds** with respect to such **spouses'** acts, errors or omissions in the conduct of the **Named Insured's** business.

7. EXPECTED OR INTENDED INJURY – EXCEPTION FOR REASONABLE FORCE

Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Expected or Intended Injury** and replace it with the following:

This insurance does not apply to:

Expected or Intended Injury

Bodily injury or property damage expected or intended from the standpoint of the **Insured**. This exclusion does not apply to **bodily injury or property damage** resulting from the use of reasonable force to protect persons or property.

8. IN REM ACTIONS

A quasi *in rem* action against any vessel owned or operated by or for the **Named Insured**, or chartered by or for the **Named Insured**, will be treated in the same manner as though the action were *in personam* against the **Named Insured**.

9. INCIDENTAL HEALTH CARE MALPRACTICE COVERAGE

Solely with respect to **bodily injury** that arises out of a **health care incident**:

A. Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the **Insuring Agreement** is amended to replace Paragraphs **1.b.(1)** and **1.b.(2)** with the following:

b. This insurance applies to **bodily injury** provided that the professional health care services are incidental to the **Named Insured's** primary business purpose, and only if:

(1) such **bodily injury** is caused by an **occurrence** that takes place in the **coverage territory**.

(2) the **bodily injury** first occurs during the **policy period**. All **bodily injury** arising from an **occurrence** will be deemed to have occurred at the time of the first act, error, or omission that is part of the **occurrence**; and

B. Under **COVERAGES, Coverage A – Bodily Injury And Property Damage Liability**, the paragraph entitled **Exclusions** is amended to:

i. add the following to the **Employers Liability** exclusion:

This exclusion applies only if the **bodily injury** arising from a **health care incident** is covered by other liability insurance available to the **Insured** (or which would have been available but for exhaustion of its limits).

ii. delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

the **Insured's** actual or alleged liability under any oral or written contract or agreement, including but not limited to express warranties or guarantees.

iii. add the following additional exclusions.

This insurance does not apply to:

Discrimination

any actual or alleged discrimination, humiliation or harassment, that includes but shall not be limited to **claims** based on an individual's race, creed, color, age, gender, national origin, religion, disability, marital status or sexual orientation.

Dishonesty or Crime

Any actual or alleged dishonest, criminal or malicious act, error or omission.

Medicare/Medicaid Fraud

any actual or alleged violation of law with respect to Medicare, Medicaid, Tricare or any similar federal, state or local governmental program.

Services Excluded by Endorsement

Any **health care incident** for which coverage is excluded by endorsement.

C. DEFINITIONS is amended to:

i. add the following definitions:

Health care incident means an act, error or omission by the **Named Insured's employees or volunteer workers** in the rendering of:

a. **professional health care services** on behalf of the **Named Insured** or

b. Good Samaritan services rendered in an emergency and for which no payment is demanded or received.

Professional health care services means any health care services or the related furnishing of food, beverages, medical supplies or appliances by the following providers in their capacity as such but solely to the extent they are duly licensed as required:

a. Physician;

b. Nurse;

c. Nurse practitioner;

d. Emergency medical technician;

e. Paramedic;

f. Dentist;

g. Physical therapist;

h. Psychologist;

i. Speech therapist;

j. Other allied health professional; or

Professional health care services does not include any services rendered in connection with human clinical trials or product testing.

ii. delete the definition of **occurrence** and replace it with the following:

Occurrence means a **health care incident**. All acts, errors or omissions that are logically

connected by any common fact, circumstance, situation, transaction, event, advice or decision will be considered to constitute a single **occurrence**;

iii. amend the definition of **Insured** to:

a. add the following:

• the **Named Insured's employees** are **Insureds** with respect to:

(1) **bodily injury** to a **co-employee** while in the course of the **co-employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to a **volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; when such **bodily injury** arises out of a **health care incident**.

• the **Named Insured's volunteer workers** are **Insureds** with respect to:

(1) **bodily injury** to a **co-volunteer worker** while performing duties related to the conduct of the **Named Insured's** business; and

(2) **bodily injury** to an **employee** while in the course of the **employee's** employment by the **Named Insured** or while performing duties related to the conduct of the **Named Insured's** business;

when such **bodily injury** arises out of a **health care incident**.

b. delete Subparagraphs (a), (b), (c) and (d) of Paragraph 2.a.(1) of **WHO IS AN INSURED**.

c. add the following:

Insured does not include any physician while acting in his or her capacity as such.

D. The **Other Insurance** condition is amended to delete Paragraph b.(1) in its entirety and replace it with the following:

Other Insurance

b. Excess Insurance

(1) To the extent this insurance applies, it is excess over any other insurance, self insurance or risk transfer instrument, whether primary, excess, contingent or on any other basis, except for insurance purchased specifically by the **Named Insured** to be excess of this coverage.

10. JOINT VENTURES / PARTNERSHIP / LIMITED LIABILITY COMPANIES

WHO IS AN INSURED is amended to delete its last paragraph and replace it with the following:

No person or organization is an **Insured** with respect to:

- the conduct of any current or past partnership or joint venture that is not shown as a **Named Insured** in the Declarations; nor
- the conduct of a current or past limited liability company in which a **Named Insured's** interest does/did not rise to the level of management control;

except that if the **Named Insured** was a joint venturer, partner, or member of such a limited liability company, and such joint venture, partnership or limited liability company terminated prior to or during the **policy period**, then such **Named Insured** is an **Insured** with respect to its interest in such joint venture, partnership or limited liability company but only to the extent that:

- a. any offense giving rise to **personal and advertising injury** occurred prior to such termination date, and the **personal and advertising injury** arising out of such offense, first occurred after such termination date;
- b. the **bodily injury** or **property damage** first occurred after such termination date; and
- c. there is no other valid and collectible insurance purchased specifically to insure the partnership, joint venture or limited liability company.

11. LEGAL LIABILITY – DAMAGE TO PREMISES

A. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete the first paragraph immediately following subparagraph **(6)** of the **Damage to Property** exclusion and replace it with the following:

Paragraphs **(1)**, **(3)** and **(4)** of this exclusion do not apply to **property damage** (other than damage by fire) to premises rented to the **Named Insured** or temporarily occupied by the **Named Insured** with the permission of the owner, nor to the contents of premises rented to the **Named Insured** for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in **LIMITS OF INSURANCE**.

B. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete its last paragraph and replace it with the following:

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured** with permission of the owner, nor to damage to the contents of premises rented to a **Named Insured** for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to this coverage as described in the **LIMITS OF INSURANCE** Section.

C. LIMITS OF INSURANCE is amended to delete Paragraph **6.** (the Damage To Premises Rented To You Limit) and replace it with the following:

6. Subject to Paragraph **5.** above, (the Each Occurrence Limit), the Damage To Premises Rented To You Limit is the most the Insurer will pay under **COVERAGE A** for **damages** because of **property damage** to:

- a. any one premises while rented to a **Named Insured** or temporarily occupied by a **Named Insured**

with the permission of the owner; and

b. contents of such premises if the premises is rented to the **Named Insured** for a period of 7 or fewer consecutive days.

The Damage To Premises Rented To You Limit is \$500,000. unless a different Damage to Premises Rented to You Limit is shown in the Declarations.

D. The **Other Insurance** Condition is amended to delete Paragraph **b.(1)(a)(ii)**, and replace it with the following:

(ii) That is property insurance for premises rented to a **Named Insured**, for premises temporarily occupied by the **Named Insured** with the permission of the owner; or for personal property of others in the **Named Insured's** care, custody or control;

E. This Provision **11.** does not apply if liability for damage to premises rented to a **Named Insured** is excluded by another endorsement attached to this **Coverage Part.**

12. MEDICAL PAYMENTS

A. LIMITS OF INSURANCE is amended to delete Paragraph **7.** (the Medical Expense Limit) and replace it with the following:

7. Subject to Paragraph **5.** above (the Each Occurrence Limit), the Medical Expense Limit is the most the Insurer will pay under **Coverage C – Medical Payments** for all medical expenses because of **bodily injury** sustained by any one person. The Medical Expense Limit is the greater of:

- (1)** \$15,000 unless a different amount is shown here: @@@@; or
- (2)** the amount shown in the Declarations for Medical Expense Limit.

B. Under **COVERAGES**, the **Insuring Agreement** of **Coverage C – Medical Payments** is amended to replace Paragraph **1.a.(3)(b)** with the following:

(b) The expenses are incurred and reported to the Insurer within three years of the date of the accident;
and
This Paragraph **B.** does not apply to medical expenses incurred in the state of Missouri.

13. NON-OWNED AIRCRAFT

Under **COVERAGES**, **Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended as follows:

The exclusion entitled **Aircraft, Auto or Watercraft** is amended to add the following:

This exclusion does not apply to an aircraft not owned by any **Named Insured**, provided that:

- 1.** the pilot in command holds a currently effective certificate issued by the duly constituted authority of the United States of America or Canada, designating that person as a commercial or airline transport pilot;
- 2.** the aircraft is rented with a trained, paid crew to the **Named Insured**; and

3. the aircraft is not being used to carry persons or property for a charge.

14. NON-OWNED WATERCRAFT

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled

Exclusions is amended to delete subparagraph (2) of the exclusion entitled **Aircraft, Auto or Watercraft**, and replace it with the following.

This exclusion does not apply to:

(2) a watercraft that is not owned by any **Named Insured**, provided the watercraft is:

- (a) less than 75 feet long; and
- (b) not being used to carry persons or property for a charge.

15. PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION

A. Under **DEFINITIONS**, the definition of **personal and advertising injury** is amended to add the following tort:

- Discrimination or humiliation that results in injury to the feelings or reputation of a natural person.

B. Under **COVERAGES, Coverage B – Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to:

1. delete the Exclusion entitled **Knowing Violation Of Rights Of Another** and replace it with the following:

This insurance does not apply to:

Knowing Violation of Rights of Another

Personal and advertising injury caused by or at the direction of the **Insured** with the knowledge that the act would violate the rights of another and would inflict **personal and advertising injury**. This exclusion shall not apply to discrimination or humiliation that results in injury to the feelings or reputation of a natural person, but only if such discrimination or humiliation is not done intentionally by or at the direction of:

- (a) the **Named Insured**; or
- (b) any **executive officer**, director, stockholder, partner, member or manager (if the **Named Insured** is a limited liability company) of the **Named Insured**.

2. add the following exclusions:

This insurance does not apply to:

Employment Related Discrimination

Discrimination or humiliation directly or indirectly related to the employment, prospective

employment,
past employment or termination of employment of any person by any **Insured**.
Premises Related Discrimination

discrimination or humiliation arising out of the sale, rental, lease or sub-lease or prospective sale, rental, lease or sub-lease of any room, dwelling or premises by or at the direction of any **Insured**.

Notwithstanding the above, there is no coverage for fines or penalties levied or imposed by a governmental entity because of discrimination.

The coverage provided by this **PERSONAL AND ADVERTISING INJURY –DISCRIMINATION OR HUMILIATION** Provision does not apply to any person or organization whose status as an **Insured** derives solely from

- Provision **1. ADDITIONAL INSURED** of this endorsement; or
- attachment of an additional insured endorsement to this **Coverage Part**.

16. PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY

A. Under **COVERAGES, Coverage B –Personal and Advertising Injury Liability**, the paragraph entitled **Exclusions** is amended to delete the exclusion entitled **Contractual Liability** and replace it with the following:

This insurance does not apply to:

Contractual Liability

Personal and advertising injury for which the **Insured** has assumed liability in a contract or agreement.

This exclusion does not apply to liability for **damages**:

(1) that the **Insured** would have in the absence of the contract or agreement; or

(2) assumed in a contract or agreement that is an **insured contract** provided the offense that caused such **personal or advertising injury** first occurred subsequent to the execution of such **insured contract**. Solely for the purpose of liability assumed in an **insured contract**, reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an **Insured** are deemed to be **damages** because of **personal and advertising injury** provided:

(a) liability to such party for, or for the cost of, that party's defense has also been assumed in such

insured contract; and

(b) such attorney fees and litigation expenses are for defense of such party against a civil or alternative

dispute resolution proceeding in which covered **damages** are alleged.

B. Solely for the purpose of the coverage provided by this paragraph, **DEFINITIONS** is amended to delete the definition of **insured contract** in its entirety, and replace it with the following:

Insured contract means that part of a written contract or written agreement pertaining to the **Named Insured's** business under which the **Named Insured** assumes the tort liability of another party to pay for

personal or advertising injury arising out of the offense of false arrest, detention or imprisonment. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

C. Solely for the purpose of the coverage provided by this paragraph, the following changes are made to the Section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**:

1. Paragraph **2.d.** is replaced by the following:

d. The allegations in the **suit** and the information the Insurer knows about the offense alleged in such **suit** are such that no conflict appears to exist between the interests of the **Insured** and the interests of the indemnitee;

2. The first unnumbered paragraph beneath Paragraph **2.f.(2)(b)** is deleted and replaced by the following:

So long as the above conditions are met, attorneys fees incurred by the Insurer in the defense of that indemnitee, necessary litigation expenses incurred by the Insurer, and necessary litigation expenses incurred by the indemnitee at the Insurer's request will be paid as **defense costs**. Notwithstanding the provisions of Paragraph **e.(2)** of the Contractual Liability exclusion (as amended by this Endorsement), such payments will not be deemed to be **damages** for **personal and advertising injury** and will not reduce the limits of insurance.

D. This **PERSONAL AND ADVERTISING INJURY - LIMITED CONTRACTUAL LIABILITY** Provision does not apply if **Coverage B –Personal and Advertising Injury Liability** is excluded by another endorsement attached to this **Coverage Part**.

17. PROPERTY DAMAGE – ELEVATORS

A. Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended such that the **Damage to Your Product** Exclusion and subparagraphs **(3), (4)** and **(6)** of the **Damage to Property** Exclusion do not apply to **property damage** that results from the use of elevators.

B. Solely for the purpose of the coverage provided by this **PROPERTY DAMAGE – ELEVATORS** Provision, the **Other Insurance** conditions is amended to add the following paragraph:

This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is Property insurance covering property of others damaged from the use of elevators.

18. SUPPLEMENTARY PAYMENTS

The section entitled **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** is amended as follows:

A. Paragraph **1.b.** is amended to delete the \$250 limit shown for the cost of bail bonds and replace it with a \$5,000. limit; and

B. Paragraph **1.d.** is amended to delete the limit of \$250 shown for daily loss of earnings and replace it with a \$1,000. limit.

19. PROPERTY DAMAGE - PATTERNS MOLDS AND DIES

Under **COVERAGES, Coverage A – Bodily Injury and Property Damage Liability**, the paragraph entitled **Exclusions** is amended to delete subparagraphs (3) and (4) of the Exclusion entitled **Damage to Property**, but only with respect to patterns, molds or dies that are in the care, custody or control of the **Insured**, and only if such patterns, molds or dies are not being used to perform operations at the time of loss. A limit of insurance of \$25,000 per **policy period** applies to this **PROPERTY DAMAGE - PATTERNS MOLDS AND DIES** coverage, and this limit:

A. is included within the General Aggregate Limit as described in **LIMITS OF INSURANCE**; and

B. applies excess over any valid and collectible property insurance available to the **Insured**, including any deductible applicable to such insurance; the **Other Insurance** condition is changed accordingly.

20. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

If the **Named Insured** unintentionally fails to disclose all existing hazards at the inception date of the **Named Insured's Coverage Part**, the Insurer will not deny coverage under this **Coverage Part** because of such failure.

21. WAIVER OF SUBROGATION - BLANKET

Under **CONDITIONS**, the condition entitled **Transfer Of Rights Of Recovery Against Others To Us** is amended to add the following:

The Insurer waives any right of recovery the Insurer may have against any person or organization because of payments the Insurer makes for injury or damage arising out of:

1. the **Named Insured's** ongoing operations; or
2. **your work** included in the **products-completed operations hazard**.

However, this waiver applies only when the **Named Insured** has agreed in writing to waive such rights of recovery in a written contract or written agreement, and only if such contract or agreement:

1. is in effect or becomes effective during the term of this **Coverage Part**; and
2. was executed prior to the **bodily injury, property damage or personal and advertising injury** giving rise to the **claim**.

All other terms and conditions of the Policy remain unchanged.

This endorsement, which forms a part of and is for attachment to the Policy issued by the designated Insurers, takes effect on the effective date of said Policy at the hour stated in said Policy, unless another effective date is shown below, and expires concurrently with said Policy.



master services agreement for Manhattan Beach, CA

This Master Services Agreement ("**Agreement**") is made and entered into effective as of the date of the last signature below (the "**Effective Date**") by and between Vision Technology Solutions, LLC dba VISION ("**Contractor**"), and the customer which is a signatory hereto ("**Client**"). Client and Contractor are sometimes individually referred to as a "**Party**" and collectively as the "**Parties**."

1. Services. This Agreement (which includes and incorporates the Addendum(s) attached hereto and Contractor's acceptable use policy ("**AUP**") posted at www.visioninternet.com/about/legal) sets forth the entire terms and conditions by which Contractor will deliver and Client will receive any and all of the services provided by Contractor, including one or more of the following: website development, visionLive™ subscription services, and/or other extra work and services (collectively, the "**Services**"). This Agreement is intended to cover any and all Services ordered by Client and provided by Contractor. Contractor will provide Services to Client as requested by Client and as set forth in the applicable Addendum(s) in exchange for payment of related fees specified in such Addendum(s), and compliance with the terms and conditions of this Agreement, and compliance with Contractor's AUP as such policy may change from time to time.

1.1. Website Development Services. Contractor agrees to provide website development services, as more particularly described in Addendum A, in exchange for payment of fees and compliance with the terms and conditions of this Agreement.

1.1.1. Client understands and agrees that Contractor will develop website frontend to be compatible with Internet Explorer 11, Microsoft Edge, and the latest released versions of Chrome, Firefox, and Safari at the time of Completion. Website backend will be compatible with Internet Explorer 11, Microsoft Edge and the latest released version of Chrome and Firefox at the time of Completion. Website may not be compatible with previous or future versions. Website backend will be optimized for 1024 x 768 pixels resolution or above. Client understands and agrees that the website will be developed with Hypertext Markup Language ("**HTML**"), CSS, JavaScript, and Microsoft ASP.NET ("**MS-ASP**") interfaced with a database created in Microsoft SQL Server ("**MS-SQL**"). Client understands and agrees that the website is developed to run on a Microsoft Windows Server 2012 ("**MS-Server**"), or later. Responsive Website Design with visionMobile Designer™ mobile browsers will be compatible with the latest released version at the time of Completion of iOS Safari, Android Browser, Google Chrome, and Internet Explorer, but may not be compatible with previous or future versions. Client is responsible for the costs of all software licensing. All of the web browsers listed in this section, and any others added by Contractor at its discretion are herein referred to collectively as the "**Supported Web Browsers**".

1.1.2. Contractor will design the website frontend navigation and graphic design to be generally compliant with WCAG 2.0 A. Client further understands and agrees that content, website backend, and third-party tools may not be compliant with Section 508 or WCAG 2.0.

1.2. visionLive™ Subscription Services. Contractor agrees to provide VCMS Licensing Services, Support Services, and Hosting Services (collectively "**Subscription Services**") to the Client in exchange for payment of fees and compliance with the terms and conditions of this Agreement. As used throughout this Agreement, "**VCMS**" shall mean Vision Content Management System™, also known as the Vision Internet Content Management System, VCMT, VCMS and the Vision Content Management Tool.

1.2.1. Subscription. Contractor will provide Client a subscription to access and use the VCMS.

VCMS Licensing Services include:

- (a) Functional enhancements to VCMS components.
- (b) New VCMS Interactive Components that may be released from time to time by Contractor.
- (c) Bug fixes to the VCMS code.

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- (d) Updates to provide compatibility to future versions of Supported Web Browsers within three months of their release. Compatibility with previous versions of Supported Web Browsers is not guaranteed.

VCMS Licensing Services do not include:

- (a) Optional Interactive Components.
- (b) Modules, Programs, or Software Applications.
- (c) Conversion to new platforms.
- (d) Modification of third-party products.
- (e) Compatibility with Client's third-party products.
- (f) Website design services.
- (g) New Products. Contractor may from time to time release new software with capabilities substantially different from or greater than the VCMS and which therefore do not constitute System Updates or New VCMS Interactive Components.
- (h) All other services not expressly provided for in this Agreement and its applicable Addendum(s).

1.2.2. Support Services. Support Services is defined as technical support, account management, and education and training for the VCMS; provided, however, Client does not (1)(a) modify the VCMS or (1)(b) use the VCMS in combination with any third-party system not authorized by Contractor, and (2) maintains a visionLive™ Subscription in accordance with this Agreement. Contractor will provide Support Services to a designated Client account manager, system administrator or webmaster. Technical support is generally available by email and telephone from 6:00 AM to 6:00 PM Pacific Time, Monday through Friday excluding holidays ("**Business Hours**"), with emergency support available 24 hours a day, 7 days a week. An emergency is defined as Client's website being down for more than ten (10) minutes. Support Services also include:

- (a) Shared Account Manager
- (b) Account Management^{1*}
 - o Account reviews (Health Checks)²
 - o Site analytics report³
 - o Graphics site audit⁴
 - o Site improvement credits
- (c) Education and Training
 - o Training and best practices webinars
 - o Access to On-Demand Training Library
 - o On-going new feature training (via remote meeting service)
 - o Monthly office hours (via remote meeting service)

Site improvement credits⁵ will be available beginning the first year of the Agreement and every year thereafter within the Initial Term. Any unused hours in a given year may be carried over to the following year within the Initial Term. Site improvement credits expire at the end of the Initial Term and will not carry over beyond the Initial Term.

1.2.3. Hosting Services. Contractor will provide shared website hosting on a Microsoft Windows Server and shared database hosting on a Microsoft SQL Server for one (1) unique VCMS website. The shared server hosting service includes:

¹ Health Checks, Site Analytics Report and Graphics Site Audit will be performed the first year of the Agreement.
² Included with each Advanced Subsite as applicable.
³ Included with each Advanced Subsite as applicable.
⁴ Included with each Advanced Subsite as applicable.
⁵ visionLive Standard subscribers have 10 site improvement credits, and visionLive Plus subscribers have 20 site improvement credits.



- (a) SOC-certified datacenter
- (b) Full hardware redundancy
- (c) Redundant generator backup
- (d) Daily data backups
- (e) Intrusion protection
- (f) 24/7 monitoring
- (g) 99.9% uptime
- (h) DDoS mitigation service
- (i) Website content storage⁶
- (j) Standard disaster recovery service with 90-minute failover

1.2.4. Unless Client has retained other Services from Contractor under the applicable Addendum, Client is solely and exclusively responsible for all services not expressly provided for in this Agreement. Any changes, alterations or modification requested by the Client to its website and/or intranet may be subject to a fee to be quoted by a Contractor representative at the time of the request. Client may, at any time, upgrade from its current edition to either a Standard or Plus Edition, as applicable. Client may not, during the Initial Term (defined below) or any renewal term, downgrade from its current edition to either a Standard or Basic Edition, as applicable. Client acknowledges that the Subscription Services may be modified or improved because of the dynamic nature of technology. Contractor may, from time to time, make minor modifications to the Subscription Services, as a whole or any part thereof. Such minor modifications may be implemented at any time and without notice to Client. Continued use of the Subscription Services following any modification shall constitute binding acceptance of the modification.

1.3. visionLive™ Subscription Services for Intranet. Contractor agrees to provide VCMS Licensing Services and Support Services (collectively "**Subscription Services**") to the Client in exchange for payment of fees and compliance with the terms and conditions of this Agreement. As used throughout this Agreement, "**VCMS**" shall mean Vision Content Management System™, also known as the Vision Internet Content Management System, VCMT, VCMS and the Vision Content Management Tool.

1.3.1. Subscription. Contractor will provide Client a subscription to access and use the VCMS.

VCMS Licensing Services include:

- (e) Functional enhancements to VCMS components.
- (f) New VCMS Interactive Components that may be released from time to time by Contractor.
- (g) Bug fixes to the VCMS code.
- (h) Updates to provide compatibility to future versions of Supported Web Browsers within three months of their release. Compatibility with previous versions of Supported Web Browsers is not guaranteed.

To receive the VCMS Licensing Services, the VCMS code must be unmodified. Client must provide Contractor continual server access to receive Upgrade Services and at no time may Client modify the code. Modification of code may result in files being overwritten.

VCMS Licensing Services do not include:

- (i) Optional Interactive Components.
- (j) Modules, Programs, or Software Applications.
- (k) Conversion to new platforms.
- (l) Modification of third-party products.
- (m) Compatibility with Client's third-party products.
- (n) Website design services.

⁶ For the main website, visionLive Standard subscribers have up to 50GB of storage, and visionLive Plus subscribers have up to 250GB of storage. Each Advanced subsite has up to 10GB of storage, regardless of visionLive edition. Each Basic subsite has up to 5GB of storage, regardless of visionLive edition.



- (o) New Products. Contractor may from time to time release new software with capabilities substantially different from or greater than the VCMS and which therefore do not constitute System Updates or New VCMS Interactive Components.
- (p) All other services not expressly provided for in this Agreement and its applicable Addendum(s).

1.3.2. Support Services. Support Services is defined as technical support, account management, and education and training for the VCMS; provided, however, Client does not (1)(a) modify the VCMS or (1)(b) use the VCMS in combination with any third-party system not authorized by Contractor, and (2) maintains a visionLive™ Subscription in accordance with this Agreement. Contractor will provide Support Services to a designated Client account manager, system administrator or webmaster. Technical support is generally available by email and telephone from 6:00 AM to 6:00 PM Pacific Time, Monday through Friday excluding holidays ("**Business Hours**"), with emergency support available 24 hours a day, 7 days a week. An emergency is defined as Client's website being down for more than ten (10) minutes. Support Services also include:

- (d) Shared Account Manager
- (e) Account Management^{7*}
 - o Account reviews (Health Checks)⁸
 - o Site analytics report⁹
 - o Graphics site audit¹⁰
 - o Site improvement credits
- (f) Education and Training
 - o Training and best practices webinars
 - o Access to On-Demand Training Library
 - o On-going new feature training (via remote meeting service)
 - o Monthly office hours (via remote meeting service)

Site improvement credits¹¹ will be available beginning the first year of the Agreement and every year thereafter within the Initial Term. Any unused hours in a given year may be carried over to the following year within the Initial Term. Site improvement credits expire at the end of the Initial Term and will not over beyond the Initial Term.

1.3.3. No Hosting Services. Contractor is not providing Hosting Services. Client to provide Hosting Services on its own infrastructure with the following minimum requirements:

Web Server

- (a) Dual processors with quad cores at minimum 2.8 GHz CPU
- (b) Minimum 6 GB RAM
- (c) Minimum 40 GB Hard Drive
- (d) Windows Server 2012 with the latest service pack

Database Server

- (a) Dual processors with quad cores at minimum 2.8 GHz CPU
- (b) Minimum 8 GB RAM
- (c) Minimum 80 GB Hard Drive
- (d) Windows Server 2012 with the latest service pack
- (e) Microsoft SQL Server 2012 with the latest service pack

The Web Server and Database Server ("**Servers**") can either be separate or reside in the same machine; provided,

⁷ Health Checks, Site Analytics Report and Graphics Site Audit will not be performed until the second year of the Agreement.

⁸ Included with each Advanced Subsite as applicable.

⁹ Included with each Advanced Subsite as applicable.

¹⁰ Included with each Advanced Subsite as applicable.

¹¹ visionLive Standard subscribers have 10 site improvement credits, and visionLive Plus subscribers have 20 site improvement credits.

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however, that if the Servers are on the same machine, the minimum requirements are dual processors with Quad cores and at least 2.8 GHz CPU and 8GB RAM. For better performance, we recommend dual processors with Quad cores and 3.0 GHz CPU and above.

It is Client's responsibility to host and maintain its intranet and make back-ups of all hosted files. Contractor will assist Client with setting up the website on Client server. A flat rate of \$450 will be charged for up to 4 hours of assistance in setting up the website according to Contractor's Standard Hosting Procedure. Any additional work will be billed at the technical support hourly rate.

1. 4. Unless Client has retained other Services from Contractor under the applicable Addendum, Client is solely and exclusively responsible for all services not expressly provided for in this Agreement. Any changes, alterations or modification requested by the Client to its website and/or intranet may be subject to a fee to be quoted by a Contractor representative at the time of the request. Client may, at any time, upgrade from its current edition to either a Standard or Plus Edition, as applicable. Client may not, during the Initial Term (defined below) or any renewal term, downgrade from its current edition to either a Standard or Basic Edition, as applicable. Client acknowledges that the Subscription Services may be modified or improved because of the dynamic nature of technology. Contractor may, from time to time, make minor modifications to the Subscription Services, as a whole or any part thereof. Such minor modifications may be implemented at any time and without notice to Client. Continued use of the Subscription Services following any modification shall constitute binding acceptance of the modification.

2. Subsequent Extra Work/Other Services. Additional services not initially covered in this Agreement (including the Addendum referenced above) and extra hours will be presented to Client for approval prior to commencement of work ("**Extra Work**"). Extra Work will be set forth in an amendment to this Agreement signed by the Parties and designated as Addendum C-1, C-2, etc., as applicable, and such Addendum shall become part of this Agreement when executed by both parties. Such addendum will be billed at Contractor's then prevailing hourly rates, which are currently as follows: Content Migration, \$85/hr; Graphic Production, \$95/hr; Quality Assurance, Testing, Debugging, Technical Support, Webmaster Services, HTML Programming, \$105/hr; Consulting, Project Management, Database Design, Dynamic Programming, \$135/hr; Graphic Design, Training, \$125/hr; Touch up work to images will be billed at the Graphic Design hourly rate. Client shall be responsible for any or all additional fees including, without limitation: photography, stock images, illustration, fonts, scanning, software, applications, online promotion, marketing, copy writing, redesign, change orders, mailings, and fees to any third-party vendors if applicable.

3. Ownership; Limited Licensing of Intellectual Property.

3.1. Designs. Upon payment in full of the website development fees provided under Addendum A, Contractor grants a non-exclusive, non-transferrable, and perpetual license for Client to reproduce, modify or create derivative works for its own use, public display, and use any and all of Contractor's copyrights in the homepage layout wireframe, sitemap, draft homepage design concept(s) interior page layouts (collectively, the "**Contractor Designs**") embodied in Client's website, which are prepared or caused to be prepared by Contractor under this Agreement. The Contractor Designs provided under this Agreement is licensed and not sold. Client understands and agrees that the Contractor Designs as a whole is an original work of authorship by Contractor and that Contractor shall retain all rights, title, and interests therein. Contractor retains its right to use any web pages developed for the Client in any of its own promotional materials as examples of its work.

3.2. Vision Content Management System™. Contractor also grants Client a limited, non-exclusive, and non-transferrable subscription to access and use one instance of the VCMS and Dynamic and Interactive Components of the VCMS to the extent necessary for the Client's use and operation of its website; provided, Client does not (1)(a) modify the VCMS or (1)(b) use the VCMS in combination with any third-party system not authorized by Contractor, and (2) maintains a visionLive™ Subscription in accordance with this Agreement. The VCMS provided under this Agreement is not for sale, and Client understands and agrees that Contractor shall retain all rights, title, and interests in the VCMS, Dynamic and Interactive Components, and any other Contractor intellectual property not provided for in this Section.

3.3. Rights Regarding Content. Each Party warrants that it holds all rights and/or licenses necessary to display all of the images, data, information or other items supplied by such Party and being displayed on the Client's web pages during the effective period of this Agreement. Contractor agrees that Client will retain ownership of all information and content (including Client provided logos and images) owned exclusively by Client and provided by Client for use on its website. Client shall supply all necessary information to Contractor in a timely manner in digital format including without limitation copy, text,



audio files, video files, pdf files, photographs, artwork, and preexisting graphics. Contractor is not responsible for content migrated by Client or any third party. Client expressly authorizes Contractor to display and/or modify any Client supplied images, data, information and other items in connection with the services provided herein.

4. Limited Warranty. Contractor warrants that website development and/or custom programming deliverables will be conveyed to Client upon transfer of the website to the production server with a public Internet Protocol address ("**Completion**"). All VCMS programming code developed by Contractor is warranted to be free of any material errors or bugs that prevent the code from performing as originally intended ("**Warranted Problem**"); provided, however, Client does not (1)(a) modify the VCMS or (1)(b) use the VCMS in combination with any third-party system not authorized by Contractor, and (2) maintains a visionLive™ Subscription in accordance with this Agreement. In the event of breach of the limited warranty in this Section, Client's sole remedy and Contractor's entire liability shall be limited to Contractor's correction of the Warranted Problem. Except as expressly set forth above, CONTRACTOR MAKES NO GUARANTEE OR WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING OF MERCHANTABILITY OR FITNESS OF THE SERVICES FOR A PARTICULAR PURPOSE WHATSOEVER, AND USE OF THE SERVICES OR ANY INFORMATION THAT MAY BE OBTAINED THERE FROM IS AT CLIENT'S OWN RISK AS THE SERVICES ARE PROVIDED TO CLIENT ON AN "AS IS" BASIS. In no event, at any time, shall the aggregate liability of Contractor under this Agreement or otherwise exceed the total contract amount of fees paid by Client to Contractor, and Contractor shall not be responsible for any lost profits or other damages, including direct, indirect, incidental, special, consequential or any other damages, however caused. Contractor does not warrant any connection to, transmission over, nor results of use of, any network connection or facilities provided, nor any third-party applications and software obtained by, for, or on behalf of Client. Contractor assumes no responsibility for any damages suffered by the Client, including, but not limited to, server down time, loss of data, loss of business, misdeliveries, delays, non-deliveries, access speed, or service interruptions of any kind. Client acknowledges that the information available through the interconnecting networks may not be accurate. Contractor has no ability or authority over the material. In addition, Contractor has no liability for the quality, accuracy, or validity of the data/information gathered from the Internet. Use of information gathered through the use of Contractor services is at the risk of the Client.

5. Invoices. Contractor will submit itemized invoices to Client for the payments required by the applicable Service(s), and all invoices will be due and payable within 30 days. Payments not received by Contractor 30 days after the date of the invoice will be considered delinquent.

5.1. Non-Contractor Hosting. If Contractor is not providing hosting services then, at Client's request, Contractor will assist Client with setting up the website on Client's server. A flat rate of \$475 for up to four hours of Technical Support will be charged for assistance in setting up the website according to Contractor's Standard Hosting Procedure. Any additional work will be billed at the Technical Support hourly rate.

5.2. Subscription Fees. Contractor shall invoice Client \$23,940.53 per year beginning at the execution of this Agreement, which rate shall be increased by five percent (5%) for the second year of the Agreement Term as identified in Addendum A: Final Scope of Work & Cost. Contractor shall invoice Client annually every year thereafter. All invoices are due and payable by Client within 30 days. Websites and/or Contractor-hosted intranets exceeding their storage allowance shall be subject to an additional monthly fee of \$50 per 5GB increment. Each Advanced Subsite exceeding 20 GB of storage shall be subject to an additional monthly fee of \$50 per 5GB increment. Each Basic Subsite exceeding 5 GB of storage shall be subject to an additional monthly fee of \$50 per 5GB increment.

6. Contractor's Mark. Client agrees that Contractor may place in the website footer an unobtrusive text link reading "Created by Vision" or the equivalent. Contractor's footer text credit shall always be linked to a Contractor web page.

7. Indemnity.

7.1 To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify Client and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those Client agents serving as independent contractors in the role of Client officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions

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of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Contractor shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

7.2 Contractor shall pay all required taxes on amounts paid to Contractor under this Agreement, and indemnify and hold Client harmless from any and all taxes, assessments, penalties, and interest asserted against Client by reason of the independent contractor relationship created by this Agreement. Contractor shall fully comply with the workers' compensation law regarding Contractor and Contractor's employees. Contractor shall indemnify and hold Client harmless from any failure of Contractor to comply with applicable workers' compensation laws. Client may offset against the amount of any fees due to Contractor under this Agreement any amount due to Client from Contractor as a result of Contractor's failure to promptly pay to Client any reimbursement or indemnification arising under this sub-section 7.2.

7.3 Contractor shall obtain executed indemnity agreements with provisions identical to those in this Section 7 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this Agreement. If Contractor fails to obtain such indemnity obligations, Contractor shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties.

7.4 Client does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by Client, or the deposit with Client, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 7 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against Client.

7.5 Contractor's indemnifications and obligations under this Section 7 shall survive the expiration or termination of this Agreement.

8. Timing. Estimated times are included for convenience. Actual times will vary depending on Client interaction and participation. However, the Parties agree to reasonably cooperate with one another in all respects including, if applicable, in the construction and design of the website in a timely manner.

9. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the United States of America, and the State of California, excluding choice of law provisions thereof. The Uniform Computer Information Transactions Act or any version thereof, adopted by any state in any form ("**UCITA**"), shall not apply to this Agreement and, to the extent that UCITA is applicable, the parties agree to opt-out of its applicability pursuant to its provisions. In the event a judicial proceeding is necessary, except for permitted equitable relief, the sole forum for resolving disputes arising under or relating to this Agreement are the State and/or federal district courts located in the State of California, and all related appellate courts, and the parties hereby consent to the jurisdiction of such courts, and that venue shall be in the State of California. Each party hereto waives any right to challenge or move the foregoing designated jurisdictions and venue on grounds of inconvenient forum. Service of process may be made in any manner provided for by applicable law.

10. Modification and Waiver.

10.1. Modification. Any modification of this Agreement is valid only if the modification is in writing and signed by both Parties.

10.2. Waiver. The waiver by one Party of any term or condition of this Agreement, or any breach thereof,

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shall be in writing and shall not be construed to be a general waiver by said Party or as a waiver of any other term or breach.

10.3. Conduct. Neither the course of conduct between the Parties nor any trade practice shall act to modify the provisions of this Agreement, except as expressly stated herein.

11. Confidentiality. To the extent permitted by law, Contractor's Confidential Information shall be treated as confidential and shall not be disclosed to parties other than representatives of Contractor and the authorized representatives of Client, and shall be used only in furtherance of the Services provided under this Agreement. As used in this Agreement, the term "**Confidential Information**" means (a) proprietary information of Contractor, (b) information marked or designated by Contractor as confidential, (c) information, whether or not in written form and whether or not designated as confidential, that is known to the Client as being treated by Contractor as confidential, or (d) information provided to Contractor by third parties that Contractor is obligated to keep confidential. Confidential Information includes, but is not limited to, all files, writings and documents, recordings, including without limitation all information contained therein, all extractions, notes, compilations and summaries prepared or derived therefrom, copyrights, trademarks, service marks, patents, trade secrets, programs, source code, object code, demos, demonstrations (whether in written, oral, graphic, encoded, encrypted, tangible, or intangible forms, in any media whatsoever) including without limitation demonstrations, know-how, techniques, designs, specifications, drawings, compilations, diagrams, models, samples, flow charts, computer programs, and codes.

12. Entire Agreement. The MSA, including any Exhibits, Attachments and any Statements of Work constitutes the entire agreement of the Parties with respect to its subject matter, supersedes any and all prior or contemporaneous proposals, agreements and understandings of the Parties, whether written or oral.

13. Interpretation. It is understood and agreed that if any interpretation is to be made of this Agreement, the same shall not be construed for or against any of the Parties. In the event of conflict between an attachment and the terms and conditions of this Agreement, then the following hierarchy of interpretation shall govern:

- 13.1. Terms and conditions of this Agreement;
- 13.2. Final cost and scope of work under Addendum A;
- 13.3. Contractor's response to Client's request for RFP, RFQ or RFI;
- 13.4. Client's RFP, RFQ, or RFI.

14. Counsel. The Parties have each been advised to seek independent legal counsel in entering into this Agreement and the transactions described herein. In the event a Party chooses not to seek independent legal counsel, that Party does so freely and knowingly and waives any such rights to counsel. As a result, the Parties do not believe that any presumption relating to the interpretation of contracts against the drafter of any particular clause should be applied in this case and therefore the Parties knowingly and freely waive its effects. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party.

15. Prevailing Party. Should a dispute, including but not limited to any litigation or arbitration be commenced (including any proceedings in a bankruptcy court) between the Parties hereto or their representatives concerning any provision of this Agreement, or the rights and duties of any person or entity hereunder, the Party prevailing shall be entitled to reasonable attorney's fees and court and expert costs incurred by reason of such action.

16. Independent Contractor Relationship. The relationship of Contractor, including, without limitation, its employees and subcontractors) with Client is that of an independent contractor and nothing in this Agreement and/or any Addendum shall be construed to create a partnership, joint venture, or employer-employee relationship. Contractor acknowledges and agrees that neither it, nor any of its employees or subcontractors, is or shall be an agent of Client and none of the foregoing is or shall be authorized to make any representation, contract, or commitment on behalf of Client.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which together shall constitute one and the same Agreement. This Agreement becomes effective upon Contractor's receipt of an executed copy of this Agreement.

18. Force Majeure. Any delay in the performance by either Party hereto of its obligations hereunder shall be

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excused when such delay in performance is due to any cause or event of any nature whatsoever beyond the reasonable control of such Party, including, without limitation, any act of God; any fire, flood, or weather condition; any computer virus, worm, denial of service attack; any earthquake; any act of a public enemy, war, insurrection, riot, explosion or strike; provided, that written notice thereof must be given by such Party to the other Party within twenty (20) days after occurrence of such cause or event.

19. Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

20. Headings. The titles and headings of the paragraphs of this Agreement have been inserted for convenience of reference only and are not intended to summarize or otherwise describe the subject matter of such paragraphs and shall not be given any consideration in the construction of this Agreement.

21. Survival. The terms and conditions of Sections 4 (Limited Warranty), 7 (Indemnification), 9 (Governing Law & Venue), 11 (Confidentiality), 15 (Prevailing Party), 21 (Survival), 24 (No Hire), and 26.3 (Obligations upon Termination) shall survive any termination or expiration of this Agreement.

22. Cooperative Programs. Contractor shall agree to offer the prices and terms and conditions offered herein to other state, local, county, education, and municipal government agencies in the United States who wish to participate in a cooperative purchase program with Contractor.

23. No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or entity other than the Parties and their respective successors and permitted assigns.

24. No Hire. During the period Contractor provides any Services to Client and for one (1) year thereafter, Client shall not, directly or indirectly, solicit or offer to hire, hire, or retain as an employee or contractor persons employed or retained then or within the preceding six (6) months by Contractor (or any of its affiliates), without Contractor's prior written consent in each instance; provided, nothing contained herein shall prevent employment of any person who responds to a general media advertisement or non-directed search inquiry, or who makes an unsolicited contact for employment.

25. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other Party hereto, except that Contractor may assign this Agreement without Client's consent to an "**Affiliate**" of Contractor or in connection with an acquisition of Contractor, merger (whether Contractor is the surviving or disappearing entity) or consolidation of Contractor with another entity, or in connection with the sale, assignment, or majority transfer of any stock, membership or other ownership interest in Contractor. "**Affiliate**" shall mean (a) a domestic entity formed, existing and governed pursuant to the laws of one of the fifty (50) states of the United States of America (or the District of Columbia) controlling, controlled by, or under common control with Contractor.

26. Term. This Agreement will remain in effect for 2 years from the Effective Date ("**Initial Term**").

26.1. Termination for Cause. This Agreement may also be terminated by the non-breaching party for cause in the event of a material breach of this Agreement or failure to substantially perform obligations; provided, however, that the non-breaching party has given notice to the defaulting party, which fails to cure the default within 30 days after such notice.

26.2. Non-Appropriation of Funds. In the event no funds or insufficient funds are appropriated and budgeted or are otherwise unavailable in any fiscal year for payments due under this Agreement, then Client, upon written notice to Contractor of such occurrence, shall have the unqualified right to terminate this Agreement without any penalty or expense to the Client, except the Client shall pay to the Contractor a sum of money equal to the work completed.

26.3 Obligations upon Termination. Client shall permanently delete all copies of the VCMS upon termination of this Agreement. Client shall have thirty (30) days after termination of this Agreement to export Client content to its server or systems. At Client's request, Contractor will assist Client with exporting Client content to Client's server or system, which shall be treated as Extra Work.



27. Notices. All notices under this Agreement shall be in writing and effective on the date of delivery if delivered by personal service, Federal Express, or facsimile; or effective three (3) days after deposit in first class U.S. mail, postage prepaid, to each Party as follows:

Client

Name: Sanford Taylor / IT Director
Address: City Hall, 1400 Highland Ave, Manhattan Beach, CA 90266
Phone: (310) 802-5588
Email: staylor@citymb.info

With Copy to

Name: Quinn Barrow / City Attorney
Address: City Hall, 1400 Highland Ave, Manhattan Beach, CA 90266
Phone: (310) 802-5061
Email: qbarrow@citymb.info

Contractor

Name: Contract Manager
Address: 222 N. Sepulveda Blvd., Suite 1500, El Segundo, CA 90245
Phone: (310) 656-3100
Email: contracts@visioninternet.com
Fax: (310) 656-3103

28. Insurance. Contractor shall maintain the following insurance policies during the Term of this Agreement and name the City as additional insured on an appropriate endorsement:

28.1. Commercial General Liability Insurance. Contractor shall maintain in force for the duration of the contracted period Commercial General Liability Insurance with a limit of not less than \$1,000,000 per occurrence/aggregate.

28.2. Professional Liability Insurance. Contractor shall maintain in force for the duration of the contracted period Professional Liability (Errors & Omissions) Insurance with a limit of not less than \$1,500,000 per occurrence.

28.3. Cyber Liability Insurance. Contractor shall maintain in force for the duration of the contracted period Cyber Liability Insurance with a limit of not less than \$1,500,000 per occurrence.

28.4. Business Automobile Liability Insurance. Contractor shall maintain in force for the duration of the contracted period Business Automobile Liability Insurance with a limit not less than \$1,000,000 each accident for all non-owned and hired automobiles.

28.5. Workers Compensation. Contractor shall maintain in force for the duration of the contracted period Workers Compensation Insurance at Client’s statutory limits.

28.6. Employment Practices Liability Insurance. Contractor shall maintain in force for the duration of the contracted period Employment Practices Liability Insurance with a limit of no less than \$1,000,000 per occurrence.

29. Authority. With the intent to be legally bound, each of the undersigned hereby covenants and acknowledges that he or she (a) has read each of the terms set forth herein, (b) has the authority to execute this Agreement and each initialed Addendum for such person or entity, and (c) expressly consents and agrees that the entity upon behalf of which the undersigned is acting shall be bound by all terms and conditions contained herein.

VISION

IN WITNESS WHEREOF, the Parties have caused this Master Services Agreement to be signed by their duly authorized representatives and given effect as of the "Effective Date" below.

"Client"

CITY OF MANHATTAN BEACH

Signature: 

Name: Bruce Moe

Title: Acting City Manager

Date: 1-12-18

"Contractor"

VISION TECHNOLOGY SOLUTIONS, LLC, DBA VISION INTERNET PROVIDERS

Signature: 

Name: David M. Nachman

Title: Chief Executive Officer

Date: 12/22/17

APPROVED BY FINANCE DEPARTMENT:

By:  Bruce Moe
Name: Bruce Moe
Title: Finance Director

APPROVED AS TO FORM:


City Attorney

ATTEST

 1-17-18
LIZA TAMURA
CITY CLERK

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Addendums:

A Final Scope of Work and Cost

ADDENDUM A: FINAL SCOPE OF WORK & COST

Software		
vLive Edition	QTY	COST
vLIVE PLUS EDITION	1	See 2 Year Total Cost Summary for details
visionPULSE • visionPulse is a community engagement platform integrated with the visionLive CMS that will enable you to gauge the public's opinion on important issues and turn their feedback into actionable results.	1	See 2 Year Total Cost Summary for details

Total Project Fees	\$0.00
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2 Year Total Cost Summary	
Year 1 2 nd Year of: vLive Plus Edition - \$21,441.53 visionPulse - \$ 2,499.00	\$23,940.53
Year 2 2 nd Year of: vLive Plus Edition - \$22,513.53 visionPulse - \$ 2,499.00	\$25,012.53

2 Year Total	\$48,953.06
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Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Henry Mitzner, Controller
Julie Bondarchuk, Senior Accountant
Libby Bretthauer, Senior Financial Analyst

SUBJECT:

Fiscal Year 2018-2019 Comprehensive Annual Financial Report (Finance Director Charelian).

RECEIVE AND FILE

RECOMMENDATION:

Staff recommends that the City Council receive and file this report.

EXECUTIVE SUMMARY:

We are pleased to report that the City has received the best possible opinion, an unmodified (*formerly unqualified*) audit opinion, meaning that the auditor believes the City's financial statements are fairly presented in all material respects in conformity with Generally Accepted Accounting Principles (GAAP).

FISCAL IMPLICATIONS:

There are no fiscal implications associated with the recommended action. The results of fiscal year 2018-2019 are summarized below, and are included in the attached Comprehensive Annual Financial Report (CAFR).

BACKGROUND:

The City's financial policies require an annual audit performed by an external auditor. An audit is also required to obtain the Certificate of Achievement for Excellence in Financial Reporting from the Government Financial Officers Association (GFOA) and is oftentimes a requirement for grants or federal awards. This year, the annual audit consists of the interim audit (completed in May 2019), the final audit (completed in October 2019) and the Single Audit (completed in

December 2019). During these audits, the external auditors prepare audit working papers in compliance with the General Accepted Government Auditing Standards (GAGAS). These working papers document the information gathered during an audit and provide evidence that sufficient information was obtained by the auditor to support the audit opinion.

DISCUSSION:

Attached to this report is the City's CAFR for the year ended June 30, 2019. This independent audit report is prepared with the assistance of the City's auditor, Lance, Soll and Lunghard, the certified public accountancy firm selected by the Council. Staff would like to take this opportunity to acknowledge the auditor's professionalism and diligence in the completion of the audit.

The attached report contains detailed information about the City's financial results for Fiscal Year 2018-2019. The document, which is in an industry-standard format, is organized as follows:

Introductory Section

The Introductory Section includes the City's transmittal letter providing an executive summary of the financial and economic events characterizing Fiscal Year 2018-2019. A review of the transmittal letter will help the reader understand the City's organizational structure and provides performance highlights of the City's most significant funds and operations.

Financial Section

The Financial Section presents the independent auditor's report and Financial Statements. The auditor's report contains two main sections: the Audit Opinion and the Management Discussion & Analysis (MD&A).

Audit Opinion

The Audit Opinion, worded in an industry standard format, provides a statement by the auditor attesting to the fair presentation of financial data in conformity with generally accepted accounting principles and government accounting standards.

Management Discussion & Analysis (MD&A)

The required MD&A is intended to serve as an introduction to the City's basic financial statements, which comprise three components: 1) Government Wide Financial statements, 2) Fund Financial statements, and 3) notes to the financial statements, which is an overview and analysis of the financial activities of the City of Manhattan Beach for the fiscal year ended June 30, 2019.

Government-wide Financial Statements

The Government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. These statements utilize full accrual accounting (which recognizes revenue in the period it is earned, and expenses in the period it occurs) as is done in private industry. The statements included in this section are the statement of net position and the statement of activities. Both government-wide statements are designed to show the annual increase or decrease in net assets and, in doing so, distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

activities). The governmental activities of the City include general government, public safety, public works, planning, building and safety, and recreation. The City's business-type activities include water, wastewater, stormwater, refuse, and parking.

Fund Financial Statements

The Fund Financial Statements include governmental funds reported on a budgetary modified accrual basis (which recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenditures when liabilities are incurred), and proprietary funds reported on a full accrual basis. Major governmental funds (General Fund, Capital Improvement Fund, Gas Tax, and Proposition C) and major enterprise funds (Water, Waste Water, Parking) are shown individually, while non-major funds are aggregated into a single column (full details are listed later in the document). Internal service funds are considered minor proprietary funds and are aggregated following enterprise funds.

The Notes to the Financial Statements section follows, which provides financial disclosures about the City's financial statements. That section is followed by the Combining Financial Statements & Schedules and the Statistical Section. The combining statements are presented in the traditional fund manner and report on the details of all non-major funds which appear on a combined basis in the front of the document. The Statistical Section, not subject to audit review and testing, provides general trend information presenting financial and economic data over time.

The first attachment to this report is the letter of transmittal which has been extracted from the Fiscal Year 2018-2019 CAFR. The Letter of Transmittal provides an overview of the financial information contained in the statements. In addition, there is discussion of

- Profile of the Government
- Budget Process
- Economic Condition
- Financial Policies
- Major Initiatives
- Executive Financial Overview
- Current Trends & Events

Staff recommends that the reader, at a minimum, review the Letter of Transmittal and MD&A portion of the report. Both the Letter of Transmittal and MD&A can be referenced in the introductory sections of the CAFR.

The audit results and the Fiscal Year 2018-2019 CAFR financial statements were discussed with the Finance Subcommittee at their December 5, 2019, meeting.

Highlights and Trends

As of June 30, 2019, the City's net position totaled \$200.4 million government-wide, an increase of \$8.8 million from the prior year. Most of this increase is attributed to the City's Business-Type activities in the Enterprise Funds as described below.

Governmental Funds

Total net position in Governmental Funds (General, Capital Improvements, and Special Revenue) was \$99.7 million, an increase of \$265,350 from the prior year. Revenue in the Governmental Funds totaled \$83.5 million, an increase of \$4.0 million (5.1%) from the prior year due to higher revenues from property taxes and charges for services. Expenditures totaled \$88.0 million, up \$13.0 million (17.3%) compared to the prior year due to an increase in capital expenditures in the Capital Improvements Fund. Total fund balances decreased \$6.3 million to \$41.1 million.

General Fund balance was at \$26.4 million, down \$417,460 compared to prior year due to transfers out to other funds as well as one-time funding of Manhattan Beach Unified School District safety and security measures for \$1.0 million and the purchase of portable public safety radios in the amount of \$1.3 million. Even with these large one-time expenditures, revenues exceeded expenditures by \$1.9 million and transfers out totaled \$2.3 million.

Transfers out included:

- \$1,273,783 to the Stormwater Fund to relieve a deficit fund balance due to operations.
- \$600,299 to the Information Systems Fund for new financial software.
- \$560,100 to the Capital Improvements Fund to support unfunded projects.
- \$144,634 to the Street Lighting Fund to relieve a deficit fund balance.
- \$15,480 to the Proposition A Fund to relieve a deficit balance.

General Fund support will continue to increase in the Stormwater Fund and Street Lighting Fund unless a Proposition 218 assessment vote can be passed to fund operations going forward.

Enterprise Funds

The total enterprise funds net position totaled \$100.7 million, up \$8.6 million from the prior year. Revenue totaled \$27.9 million, up \$119,114 compared to the prior year due to an increase of sales. Operating expenses totaled \$22.3 million, a decrease of \$462,657 from the prior year. Operating income totaled \$5.57 million, up \$581,771 from the prior year, mostly due to the Water and Wastewater Funds.

Pension Contributions

The City paid \$7.73 million for pension contributions in FY 2018-2019, compared to \$6.65 million in the prior year. Future City contributions of normal service costs and amortization of the unfunded liability are projected to increase in the following years:

	<u>Normal Cost</u>	<u>Amortization</u>	<u>Total Contribution</u>
FY 2019-2020	\$4.17 million	\$5.05 million	\$9.22 million
FY 2020-2021	\$4.62 million	\$5.69 million	\$10.31 million
FY 2021-2022	\$4.70 million	\$6.52 million	\$11.22 million
FY 2022-2023	\$4.80 million	\$7.20 million	\$12.00 million
FY 2023-2024	\$4.89 million	\$7.62 million	\$12.51 million

Projected yearly increases over the next five years will average \$875,000. Managing the

growing net pension liability and meeting retirement obligations remain some of the City's biggest challenges. Nearly 98% of retirement costs are attributable to the City's Governmental Funds, and growing pension costs certainly have the potential to crowd out other funding needs. The issue of rising pension contributions is an issue not just local to the City, but to all public agencies. Finance staff prepared a plan to address the issue of pension costs, and presented it to the Finance Subcommittee in September 2019. The full report and plan will be presented to the City Council in early 2020.

In closing, staff is pleased to report that the fiscal year 2018-2019 financial audit resulted in the City once again receiving an unmodified opinion. Furthermore, City Council policy reserves remain fully funded at the end of Fiscal Year 2018-2019.

The City Manager and Finance Director wish to recognize the dedication, hard work, and attention to detail of all departments during the year that enables the City to achieve the unmodified opinion. Special recognition is in order for Finance staff, particularly Henry Mitzner, Julie Bondarchuk, and Libby Bretthauer.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Fiscal Year 2018-2019 Comprehensive Annual Financial Report (CAFR)
2. Fiscal Year 2018-2019 General Fund and Enterprise Fund Summary Results
3. Report on Internal Control (Management Letter)
4. Audit Communication Letter

CITY OF MANHATTAN BEACH COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2019



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CITY OF MANHATTAN BEACH, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Prepared by the Finance Department
Steve S. Charelian, Finance Director

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CITY OF MANHATTAN BEACH
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December 17, 2019

Honorable Mayor, Councilmembers and Citizens of Manhattan Beach
Manhattan Beach City Hall
Manhattan Beach, California 90266

We are pleased to present the Comprehensive Annual Financial Report of the City of Manhattan Beach for the Fiscal Year ended June 30, 2019. This report has been prepared in accordance with generally accepted accounting principles as set forth in the pronouncements of the Governmental Accounting Standards Board (GASB). We are also pleased to report that the City has received an unmodified opinion from the independent auditor, meaning that financial statements are presented, in all material respects, in accordance with the applicable financial reporting framework.

The City's financial policies require an external independent audit be performed annually, and that the auditor's opinions be included in the Comprehensive Annual Financial Report (CAFR). Further, it states that the results be reviewed with the Finance Subcommittee, which met with the auditor and discussed the results on December 5, 2019.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All material statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included.

City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft or misuse, and to ensure that accounting data is accurately compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management.

The City's financial statements have been audited by Lance, Soll & Lunghard, CPAs, an accounting firm selected by the City Council, based on a recommendation from the Finance Subcommittee. The independent audit involved 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, and evaluating the overall financial statement presentation. The

independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion and that the City of Manhattan Beach’s financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with generally accepted accounting principles (GAAP).

The independent auditor’s report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management Discussion and Analysis. This letter of transmittal is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditor.

Profile of the Government

The City of Manhattan Beach is located in the South Bay region of Los Angeles County. The current population¹ is 35,922. The City encompasses approximately four square miles.

Incorporated in 1912 under the general laws of the State of California, the City operates under the Council-Manager form of government. The City Council is comprised of five members elected at-large for overlapping four-year terms. Each member may serve as Mayor for a nine-month period once during his or her four-year term in office. The City Treasurer is also elected to a four-year term and serves as the chairperson for the Finance Subcommittee. City Councilmembers are limited to two consecutive terms.

In 2016, the City Council adopted Ordinance No. 16-0026 to comply with Senate Bill No. 415, the California Voter Participation Rights Act, toward the goal of increasing voter turnout in municipal elections. After the March 5, 2019 election, the City will conduct its municipal elections scheduled in March 2021 and March 2023 with statewide elections scheduled in November 2020 and November 2022, respectively. The terms of City office holders elected in 2017 and 2019 have been shortened to meet the timing of the November 2020 election and beyond.

The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and appointing the City Manager and City Attorney. The City Councilmembers also serve as the governing body of the Manhattan Beach Capital Improvements Corporation (please see Note 1 in the CAFR for more information).

In addition, the City Council appoints the members of the following advisory Boards and Commissions:

- | | |
|-------------------------------|---|
| Planning Commission | Parking and Public Improvements Commission |
| Parks & Recreation Commission | Board of Building Appeals |
| Library Commission | Business Improvement District Advisory Boards |
| Cultural Arts Commission | |

¹ State of California, Department of Finance, E-1 Population Estimates for Cities. Sacramento, California, May 2019.

The City is a full-service municipality, and provides a variety of services to the community, including:

Police services	Fire and paramedic services
Culture and recreation	Building and safety
Solid waste and recycling	Water and waste water utilities
Storm water management	Parking facilities
Street and landscape maintenance	General government

Budget Process

The City operates on a biennial budget schedule. The first year of the budget (FY 2018-19) was adopted in June 2018, while the second year (FY 2019-20) was approved at that time. The second year was subsequently reviewed and adopted by the City Council with minor modifications in June 2019.

The budget development process begins in January of each year. Line-item budget development is accomplished through the City's financial system, which allows each department to build its budget using computerized worksheets. Each department is responsible for developing the Materials & Supplies line items and part-time employee salaries. The remaining Salary & Benefit information is calculated and entered by the Finance Department.

The Finance Director, in coordination with the applicable operating departments, provides the City Manager with proposed revenue projections. These revenue estimates are reviewed with the department budget requests to determine available funding levels for the fiscal year. Supplemental budget requests (new personnel, services or equipment) are subject to City Manager review and approval before becoming part of the proposed operating budget. This process applies to all governmental and enterprise funds.

The City Manager and Finance Director meet with the departments to review all operating expenditures and supplemental budget requests. After this final review and approval by the City Manager, the proposed budget document is presented to the City Council in May. Budget study sessions and a public hearing are then held by the City Council. The budget is adopted by resolution prior to June 30.

During the fiscal year, the budget can be amended as necessary to meet the City's needs. The City Council has the legal authority to amend the budget at any time. Department Heads and their designated representatives may only authorize expenditures based on appropriations approved by City Council action, and only from accounts under their organizational responsibility. Actual expenditures may exceed budget appropriations by line-item. However, total expenditures within each fund may not exceed the total appropriation for that fund. The City Manager has the authority and discretion to approve interdepartmental appropriation transfers as long as they are within the same fund. Inter-fund transfers require a budget amendment by the City Council.

In FY 2020-21, the City will adopt an annual budget to re-align the two-year budget cycle with the new election schedule and then continue with the biennial budget cycle for FY 2021-22 and FY 2022-23. With the next City Council election done in conjunction with the statewide election in November 2020, incoming City Councilmembers would have been into office in December 2020 and be expected to adopt the second year of the previously approved spending plan in June 2021. By adopting a one-

time annual budget for FY 2020-21, incoming City Councilmembers will now have the opportunity to develop the biennial budget for FY 2021-22 and FY 2022-23 rather than coming in mid-budget cycle.

Economic Condition

Local Economy

The South Bay region is home to a number of industries including aerospace, entertainment, technology, leisure and tourism, and manufacturing. Economists report that the South Bay area has strong fundamentals including high levels of education, high incomes and competitive industries. Further, the area fares better during weak economic conditions than some other areas of the state. The most recently available figures indicate that Manhattan Beach has a 3.3% unemployment rate, compared to Los Angeles County at 4.5% and the State of California at 3.9%².

Long Term Planning

Each year during the budget process, the City develops a five-year forecast of General Fund revenues and expenditures. During the most recent budget cycle, the forecast concluded that unassigned General Fund balances will remain in a range from an estimated \$24.4 million at the end of FY 2018-19 to \$23.6 million in FY 2023-24. It is important to note that these estimates include the impacts of the on-going support of Storm Water operations and Street Lighting and Landscape fund deficits, which may only be mitigated by a Proposition 218 vote. At this time, unassigned General Fund balance of at least 20% of General Fund expenditures is being maintained in accordance with the City's Financial Policy. The most recent five-year forecast can be found in the Adopted Biennial Budget Addendum for fiscal year 2019-20, available online at www.citymb.info/budget.

Financial Policies

In 1997-1998, the City Council approved the City's first set of financial policies, designed to promote sound financial management and ensure that the City's fiscal integrity remains intact as staff and Councilmembers change. While presenting General Fund balance in accordance with GASB pronouncements, the City Council established certain policy "reserves" within what GASB defines as the unassigned category. The unassigned category is the residual classification of fund balance that is not in restricted or committed classifications. In the General Fund section of this transmittal letter, General Fund unassigned balance is broken down in accordance with City Council Financial Policy.

Major Initiatives

Manhattan Village Mall Enhancement Project

On December 2, 2014, the City Council approved the Mall Expansion Project with additional conditions. The approval allowed construction of Phases 1 and 2, and deferred Phase 3 (Fry's corner) for future public review and input. On December 20, 2016 the City Council endorsed the updated site plan which includes as Phase 1 the consolidation and expansion of the Macy's property, totaling 60,000 square feet, and construction of a parking structure. This phase was completed in late 2018. Phase 2 encompasses refinement of the plaza area and improved parking and circulation elements, with new restaurant and retail uses totaling 50,000 square feet. Upon completion, the shopping center

² State of California, Employment Development Department, October 2019 (Preliminary)

will total approximately 646,000 square feet. There have been several Amendments to the project to adjust to changing economic and retail trends, as well as customer and tenant needs. The City continues to work closely with the developer and property owners for the remaining phase and their ongoing responses to the changing marketplace.

Sepulveda Corridor Plan

The Sepulveda Boulevard corridor is a major transportation corridor for the South Bay region. In Manhattan Beach, this corridor runs north-south through the heart of the City, functions as a commercial corridor and houses major tenants such as the Manhattan Village Mall and Shopping Center, Target, Toyota, Skechers Headquarters, as well as medical facilities, financial institutions, salons, fitness studios, eateries, automotive shops, and other local businesses.

At the November 7, 2017 City Council meeting, the City Council approved the Sepulveda Corridor Initiatives Work Plan and establishment of a Working Group. The various planning initiatives focused on economic vitality, planning, parking, traffic and corridor beautification. Zoning Code changes were adopted in 2018 that allow additional height for hotel projects on key larger sites through the Use Permit public hearing process, and the first hotel project under these new provisions has been submitted. Commercial parking standards are in the process of being updated and are scheduled to be completed in 2020.

Sepulveda Bridge Widening Project

The Sepulveda Bridge is located on Sepulveda Boulevard (State Route 1) between Rosecrans Avenue and 33rd Street. The existing bridge, and immediately north and south of the bridge, has three northbound and three southbound lanes in each direction, serving an average of 71,000 vehicles per day. The proposed project will widen the east side of the bridge to provide a fourth northbound lane to remove the existing bottleneck at the bridge. Sepulveda Boulevard, including the bridge, is owned and maintained by Caltrans. Due to the local significance of the roadway, the City entered into an agreement with Caltrans in February 2009 to widen the bridge as a joint project with the City taking the lead and Caltrans serving in a supporting role. Since then, the City has secured project funding and is working with Caltrans to finalize seismic retrofit plans in accordance with recent code changes as well as to coordinate with neighboring property owners. Grants totaling \$15.9 million are available for the project, and the preliminary cost estimate to complete the project is \$18.2 million.

Peck Reservoir Replacement Project

The Peck Reservoir Facility, at 1800 Peck Avenue, was built in 1967. At almost 60 years old, it has exceeded its useful life and is in need of replacement. Once exceeded, these facilities become less reliable, expensive to maintain and are subject to failure. This reconstruction project was identified as a top priority and recommended as part of the 2010 Water System Master Plan. The replacement of the Peck Reservoir will help ensure the long-term dependability of the water system in our community. The Peck Reservoir Replacement Project consists of the demolition of the existing 7.5 million gallon, partially buried concrete reservoir, pump station and other facilities situated within the existing 2.7 acre property. A new 8 million gallon reservoir will be constructed at the same location. The City is in the initial design phase and construction is estimated to cost approximately \$24 million over the course of the project.

EXECUTIVE FINANCIAL OVERVIEW

This top level overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. As such, it serves to highlight key financial performance indicators for our major funds. We encourage readers to review the MD&A for a further analysis of the City’s financial condition.

General Fund

The General Fund is the primary operating fund of the City of Manhattan Beach. The General Fund balance decreased by \$417,458 from 2018. The increase is attributable to net revenues over expenditures of \$1.9 million offset by Other Financing Uses (transfers-in, transfers-out) equal to a negative \$2.3 million. Transfers-in included \$263,873 from the County Parking Lot Fund in line with the contract with the County of Los Angeles. Offsetting this fund balance increase, transfers-out included \$144,634 to the Street Lighting and Landscape District Fund and \$15,480 to the Prop A Fund to cure deficit fund balances, \$600,299 to the Information Technology Fund for the implementation of a city-wide financial system, \$560,100 to the Capital Improvement Fund for priority unfunded projects, and a Storm Water Fund subsidy of \$1,273,783 to support operations. At the end of fiscal year 2019, the total General Fund balance equaled \$26.5 million, of which \$1.8 million is either nonspendable or restricted, leaving an unassigned fund balance of \$24.7 million. Within the unassigned fund balance, City Council has established earmarks for financial policies and economic uncertainties of \$18.9 million, leaving \$5.8 million available for use at City Council’s discretion.

The City’s General Fund revenues showed improvement from the prior year, particularly in Property Tax, Other Taxes, and Use of Money and Property. This can be noted on the table below:

Revenue Category	2019 Actual	2018 Actual	Increase/ (Decrease)	%
Property Tax	\$32,107,341	\$30,318,225	\$1,789,116	5.9%
Other Taxes (Sales, Hotel, Business License, etc.)	20,164,760	18,905,654	\$1,259,106	6.7%
Licenses and Permits (Building, Construction, Film Permits)	3,048,263	3,365,669	(\$317,406)	(9.4%)
Fines (Parking Citations, Vehicle Code Fines)	1,963,412	2,472,310	(\$508,898)	(20.6%)
Use of Money and Property (Interest, Rents and Ground Leases)	5,304,823	2,746,518	\$2,558,305	93.1%
Received From Other Agencies (Vehicle License Fees, Grants)	355,520	363,670	(\$8,150)	(2.2%)
Service Charges (Plan Check Fees, P&R Class, Ambulance Fees)	8,412,968	9,075,601	(\$662,633)	(7.3%)
Interfund Charges (Admin Service Charge)	3,663,481	3,180,389	\$483,092	15.2%
Miscellaneous*	1,112,149	1,180,783	(\$68,634)	(5.8%)
Total	\$76,132,717	\$71,608,819	\$4,523,898	6.3%

*Includes proceeds from the Sale of Capital Assets.

With the City’s relatively high property values, Property Taxes continue to be the main driver of revenue growth at 42% of all General Fund revenues. Property Taxes remained strong in FY 2018-19 with a 5.9% increase over the prior year. A significant portion of the increase in the Other Taxes was attributed to Transient Occupancy Taxes (Hotel), which totaled \$4,356,985, an increase of \$592,301 (15.7%) compared to the prior year. The increase in Hotel taxes was primarily due to the completion

of the Westdrift Hotel remodel, which had significantly impacted revenues in the prior year. Sales Tax, totaling \$9,339,304 in FY 2018-19, increased by \$368,495 (4.1%) compared to the prior year. Business License Tax of \$4,053,021 exceeded the prior year by \$334,602 or 9.0%. After several years of increases, Real Estate Transfer Tax revenue slightly decreased 0.6% to \$783,516 due to real estate market activity. Building permit revenue decreased by \$189,032 (8.9%) and other construction permits decreased \$103,008 (17.4%) compared to the prior year, which included significant one-time commercial project permits for the Manhattan Village Mall and Gelson's Market.

In the Use of Money & Property category, the most significant driver of the \$2,558,305 increase was the GASB 31 Market adjustment for a gain on investments of \$1.2 million. In addition, the Westdrift Hotel percentage rent increased nearly \$0.8 million due to a remodel completed in the prior year that significantly impacted room availability and event space rentals.

On an overall basis, General Fund revenues totaled \$76.1 million, up by over \$4.5 million or 6.3% ahead of last year and exceeding budget estimates by \$1.9 million (excluding transfers and capital leases).

General Fund expenditures totaled \$74,219,752 in FY 2018-19, an increase of nearly \$6.1 million over the prior fiscal year but \$2.7 million under the total budget. When compared to the prior year's actual, Salaries and Benefits increased by \$3.1 million or 6.6% due to higher Workers Compensation costs and CalPERS Pension Liability payments. Materials and Services, which includes Contract and Legal Services, increased by \$1.5 million or 56.7%, mainly due to a one-time payment of \$1.0 million to the Manhattan Beach Unified School District for enhanced safety and security measures. Capital Outlay increased by \$300,044 or 73.9% due to a one-time purchase of public safety digital radio equipment. Overall, City departments were uniformly under budget with variances offset by savings in other areas.

Other Funds

Capital Improvement Fund

The Capital Improvement Projects (CIP) Fund is designed to manage general governmental infrastructure and facilities capital projects. In FY 2018-19, CIP Fund total revenues were \$2.0 million and expenditures were \$5.6 million. It should be noted that on-going projected revenues of \$1.6 million less debt service of \$0.8 million result in a steady state excess of only \$0.8 million. Notwithstanding any incremental increases in fund revenues such as Transient Occupancy Tax or Parking Meters, General Fund transfers, grants or new revenues will be required to finance larger scale projects in the future.

As of June 30, 2019, the total balance of the CIP Fund is \$7.6 million. Carryover funds for defined major capital projects at year end include:

- \$1.7 million in various facilities improvements
- \$842,650 for downtown streetscape improvements
- \$586,218 for design of the replacement Fire Station #2
- \$550,000 for the renovation of the Senior and Scout House
- \$500,000 for Begg Field synthetic turf & light replacement
- \$3.4 million for other building improvements and street projects

Enterprise, Internal Service, and Special Revenue Funds

This group includes the City's enterprises such as Water, Waste Water, Storm Water and Refuse funds; internal service funds such as Fleet, Insurance, Building Maintenance and Information Technology; and Special Revenue funds including Gas Tax, Proposition A & C, Measure R & M, Asset Forfeiture, etc. Among this group, several funds deserve attention.

The Water Fund continues to build the resources for planned capital improvements needed to sustain the utility's operation and infrastructure. Net income from operations totaled \$3,314,176, a decrease from the prior year which had an operating income of \$4,258,974. Revenue from sales and service charges decreased by \$96,985 (0.6%), while operating expenses (labor, materials, services, etc.) rose by \$840,836 (7.5%). During FY 2009-10, the City Council approved water and waste water rate increases to support system infrastructure needs as well as to bolster the fiscal integrity of those funds. The new rate structure became effective in January 2010 and provided for annual increases each January through 2014. Accumulated fund balances provide resources for planned capital improvements to the utility's infrastructure, estimated at \$46.1 million over the next five years, including replacement of Peck Reservoir which is estimated to cost nearly \$24.0 million.

The net operating income for the Waste Water Fund was \$1,723,228 versus \$1,980,292 in FY 2017-18, a decrease of \$257,044 or 13.0%. Operating revenue increased \$45,945 (1.3%) and operating expenses increased \$302,265 (21.0%). Waste water rates were last adjusted along with the water rates in January 2010. Similar to the water utility, the new rates are being utilized to fund needed capital improvements to the waste water system. Since the Waste Water revenues are based on water consumption, water conservation efforts may result in lower Waste Water revenues without the benefit of lower operational costs as is the case in the Water Fund where conservation results in less pumping and less water being purchased.

Continuing an ongoing trend of losses, the Storm Water Fund net operating loss in FY 2018-19 was \$702,283. Accumulated losses for the prior five fiscal years are over \$3.6 million. The combination of fixed fees and rising costs requires General Fund subsidies. The General Fund provided \$1,273,783 in FY 2018-19. Additionally, capital improvements due to legislative mandates will also result in increased costs. Current assessments were set in 1996. A Proposition 218 assessment vote will be necessary to adjust assessments. Measure W, which is a Los Angeles County-wide storm water parcel tax passed in November 2018, may provide relief, but the City's funding allocation will not fully eliminate the operational deficits.

The Street Lighting Fund continues to run deficits each year. For FY 2018-19, expenditures exceeded revenues by \$144,634. As in the case of the Storm Water Fund, assessments have been constant for 20 years. Because there is no fund balance to draw upon, the General Fund contributes the entire amount needed for continued operations. These contributions will be necessary until a Proposition 218 assessment vote is successful in raising the assessment rates and revenues.

The fund balance for the Insurance Fund increased by \$983,109 to negative \$2.0 million. The unpredictable nature of claims payments, compounded by rising medical costs and claim judgments, caused internal service fund charge-outs to fall behind funding needs in previous years. To accommodate both the increased expenses and noncurrent liabilities related to pensions and claim reserves, a phased fund transfer plan was approved by the City Council in 2015. General Fund transfers of \$667,000 were made in FY 2015-16, FY 2016-17, and FY 2017-18. In FY 2018-19, outstanding

claims against the City remained constant overall, and the City continued efforts to stabilize the Fund by increasing internal service fund charge-outs for Workers Compensation claims.

Trust and Agency Funds

In several cases, the City acts as a custodian of funds held for the benefit of others which mostly relates to the administration of employee pension and 401(a) and 457 deferred compensation plans. All such plan funding requirements have been maintained. City Plans include the supplemental retirement and single highest year programs (dormant plans which were previously offered by the City). Pension activity relating to these dormant plans is included in governmental activities.

This financial report does not include the value of trust holdings in any of the employees' deferred compensation plans at June 30, 2019, thus recognizing enacted legislation establishing the City as a plan trustee and protecting these employee-owned assets from external creditors.

The trust and agency fund group also includes debt service funds held in trust on behalf of five consolidated Utility Undergrounding Assessment Districts (UUAD). The City refunded the outstanding bonds of the Underground Districts in March 2018 to take advantage of lower interest rates and reduce assessments for property owners. Interest rates for the refunded bonds ranged from 4.72% to 4.95%. Interest rates for the new refunding bonds were set at a uniform annual rate of 3.00%, compared to the previous rates that ranged from 4.72% to 4.95%. The refunding bonds mature in September 2026.

CURRENT TRENDS AND EVENTS

The local economy remains stable. The City's biggest General Fund revenue source, property tax, grew by 5.9% (\$1.8 million) in FY 2018-19. Assessed valuations, which indicate tax revenue and help propel property tax growth, are projected to increase by 6.1% in FY 2019-20 over the prior year, driven by demand and resulting price escalations in the local housing market. Single-family homes valued at pre-1978 levels (before Proposition 13) continue to turn over, resulting in higher assessed valuations being added to the property tax rolls. Roughly 18.5% of single-family parcels within the City remain assessed at pre-1978 values.

Sales tax revenues, which have been flat the past couple of years, are expected to continue that trend. The City remains conservative in its sales tax estimates due to stagnation in general consumer goods caused by online sales. Transient Occupancy Tax, rebounded in FY 2018-19 due to the completion of the significant remodels at two major hotels. Additionally, an increase in the Transient Occupancy Tax rate from 10% to 12% will go into effect in the spring of 2020. Building activity remains stable, and tourism and travel is supported by a healthy mix of desirable hotels, high-end restaurants and retailers.

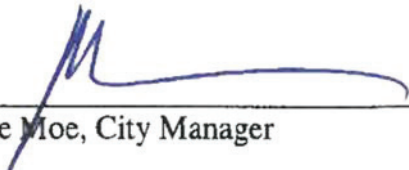
As a service organization, labor accounts for the majority of costs - approximately 70% in the General Fund. Labor agreements with three existing bargaining units (Manhattan Beach Police Officers Association, Police Management Association, and California Teamsters Local 911) were successfully negotiated for new three-year terms beginning January 2019. A new agreement for the Mid-Management Employees Association (MEA) is expected in early 2020. Negotiations with the Firefighters' Association and recently formed Fire Management Association (FMA) are currently ongoing, with agreements expected for later in 2020.

While current General Governmental trends are positive, there exists a noncurrent pension (California Public Employees' Retirement System - CalPERS) liability that will have long term impacts over the next 10 to 20 years. Long term pension liability is an item shared by all public agencies who are members of the CalPERS system. Based on projections, the City's minimum annual contribution to CalPERS will increase from \$9.2 million in fiscal year 2019-20 to \$12.5 million over the next five years.

Manhattan Beach has maintained a sound financial condition. In fact, Standard & Poor's reaffirmed the City's AAA Credit Rating on November 4, 2016. Established reserves remain funded, and the City continues to operate efficiently and effectively, all while continuing to provide outstanding services for the community.

OTHER INFORMATION

Acknowledgments: This report was made possible through the efforts and teamwork of the highly dedicated Finance staff. Special thanks to Henry Mitzner, Julie Bondarchuk and Libby Bretthauer. Appreciation is also expressed to the City Council and City Treasurer for their interest and support, which made this presentation possible. Finally, thanks to the City's auditing firm of Lance, Soll & Lunghard, LLP for their professionalism and diligence in preparing this year-end financial report.



Bruce Moe, City Manager



Steve S. Charelian, Finance Director

Elected Officials & Executive Staff

Elected Officials

Term Ends

<i>Mayor</i>	<i>Nancy Hersman</i>	<i>November 2020</i>
<i>Mayor Pro-Tem</i>	<i>Richard Montgomery</i>	<i>November 2020</i>
<i>City Council Members</i>	<i>Suzanne Hadley</i>	<i>November 2022</i>
	<i>Hildy Stern</i>	<i>November 2022</i>
	<i>Steve Napolitano</i>	<i>November 2020</i>
<i>City Treasurer</i>	<i>Tim Lilligren</i>	<i>November 2020</i>

Executive Staff

<i>City Manager</i>	<i>Bruce Moe</i>
<i>City Clerk</i>	<i>Liza Tamura</i>
<i>City Attorney</i>	<i>Quinn M. Barrow</i>
<i>Finance Director</i>	<i>Steve S. Charelian</i>
<i>Human Resources Director</i>	<i>Lisa Jenkins</i>
<i>Parks & Recreation Director</i>	<i>Mark Leyman</i>
<i>Police Chief</i>	<i>Derrick Abell</i>
<i>Fire Chief</i>	<i>Daryn Drum</i>
<i>Community Development Director</i>	<i>Anne McIntosh</i>
<i>Public Works Director</i>	<i>Stephanie Katsouleas, P.E.</i>
<i>Information Technology Director</i>	<i>Sanford Taylor</i>

CITIZENS OF MANHATTAN BEACH

City Council

City Treasurer

Parking & Public Improvements Commission

Board of Building Appeals

Planning Commission

Parks & Recreation Commission

Cultural Arts Commission

Library Commission

City Manager

City Attorney

Finance
Administration
~
Accounting
~
Revenue Services
~
General Services

Community Development
Administration
~
Planning
~
Building Code Enforcement
~
Traffic Engineering
~
Environmental Sustainability

Police
Administration
~
Patrol
~
Investigations
~
Technical Support
~
Community Affairs
~
Traffic Safety
~
Jail Operations
~
Parking Enforcement
~
Animal Control
~
Asset Forfeiture

Fire
Administration
~
Prevention
~
Fire Operations
~
Emergency Medical Services
~
Support Services

Public Works
Administration
~
Civil Engineering
~
Street Maintenance
~
Building & Grounds Maintenance
~
Transportation
~
Street Lighting & Landscaping
~
Streetscape Maintenance
~
Water Programs
~
Storm Drain Maintenance
~
Sewer Maintenance
~
Refuse Management
~
Parking Facilities
~
Fleet Services

City Clerk
Administration
~
Records Management
~
Elections
~
Conflict of Interest/Campaign Filing
~
Open Government

Human Resources
Administration
~
Risk Management

Parks & Recreation
Administration
~
Recreation Services
~
Cultural Arts
~
Sports & Aquatics
~
Community Programs

Information Technology
Information Technology
~
Geographic Information Systems



Government Finance Officers Association

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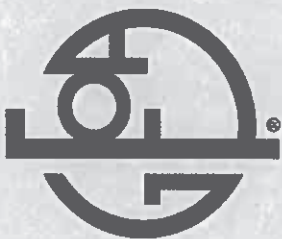
**City of Manhattan Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



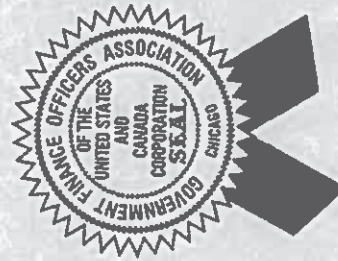
The Government Finance Officers Association
of the United States and Canada

presents this

AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Finance Department
City of Manhattan Beach, California



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

Christopher P. Morill

Date October 2, 2019



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Manhattan Beach, California, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manhattan Beach, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the City is reporting a Net OPEB Asset in the Statement of Net Position in the amount of \$3,195,073. The City hired a qualified actuary to evaluate the Net OPEB Asset as of the measurement date and as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Net OPEB Asset is calculated by actuaries using estimates and actuarial techniques from actuarial valuation as of June 30, 2018. **The actuary applied the Section 3.7.7(c)(4) of the ASOP No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments.** Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the budgetary comparison schedules for the general fund, the Gas Tax fund and the Proposition C fund; the schedules of changes in net pension liability and related ratios; the schedules of plan contributions, the schedule of investment returns, the schedule of proportionate share of the net pension liability; and the schedule of changes in net OPEB and related ratios 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.



To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brea, California
December 10, 2019

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CITY OF MANHATTAN BEACH
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Manhattan Beach, we offer our readers of these financial statements this narrative overview and analysis of the financial activities of the City of Manhattan Beach for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to x of this report.

FINANCIAL HIGHLIGHTS

Government Wide Financial Basis

- As of June 30, 2019, the City's total net position Citywide (including all governmental and business type activities) totaled \$200,406,763, an increase from the prior fiscal year of \$8,819,425 or 4.6% due to operations.
 - Governmental net position for the fiscal year totaled \$99,723,603, an increase of \$265,350 or 0.3%. This increase is due to revenues totaling \$84,645,048 (program revenues of \$25,568,495 and general revenue of \$59,076,553) less activity expenses of \$83,369,788 and transfers out of \$1,009,910.
 - Business-type activity net position totaled \$100,683,160, an increase of \$8,554,075 or 9.3%. This change in net position is a result of operations (program revenues of \$27,926,410, non-program revenues of \$2,237,070 and transfers in of \$1,009,910 less expenses of \$22,619,315).
- Unrestricted net position, which may be used to meet the government's on-going obligations within certain parameters and requirements, totaled \$36,547,492. This is an increase of \$3,022,416 or 9.0% from FY 2017-18.
 - Governmental Unrestricted Net Position is negative \$19,756,174. Since over 95% of pension liabilities, net deferrals, and OPEB asset (OPEB is overfunded) are carried by governmental funds, the effect on net position is to reduce unrestricted position by \$55.2 million. There is a positive contribution of \$33.8 million due to unrestricted fund balances in the General Fund, Capital Improvement Fund, and internal service funds. In effect, the Unrestricted Net Position is netting a noncurrent equity (pension and OPEB) and governmental funds balance. This outcome was expected with the implementation of GASB 68 in fiscal year 2014-15. Governmental Unrestricted Net Position decreased from the prior year by \$4,894,079.
 - Business Type activities Unrestricted Net Position is \$56,303,666. Unrestricted Net Position for Business Type activities increased from the prior year by \$7,916,495 mainly due to Water and Wastewater operations. Since the employee population in Business Type activities is small relative to Governmental, the Business Type net position share of net pension liabilities, net deferrals and OPEB asset (OPEB is overfunded) is correspondingly lower at \$1.2 million. The working capital of business funds is \$57,516,941. This situation will change in the future, when large projects such as reconstruction of Peck Reservoir will absorb working capital, reduce unrestricted net position and increase investment in capital assets.
- Citywide capital assets (land, work in progress, completed) net of depreciation increased by \$6,878,959 (See Note 5). Governmental net capital assets increased by \$6,932,604. Capital additions of \$11,022,805 were offset by depreciation expense (\$4,067,000) and the net book value of disposal of vehicles not fully depreciated (\$23,201). Business-type net capital assets decreased by \$53,645; additions were \$1,263,431, which were offset by an increase in accumulated depreciation of \$1,317,076. Future expenditures for capital projects do not affect the overall net position of the funds as the expenditure would be offset by an increase in non-current assets.

- The City's bond debt decreased by \$1,430,000 during FY 2018-19 (See Note 6). This decrease is attributable to the scheduled principal pay down of issued bonds by both governmental activities (\$795,000) and business-type activities (\$635,000). The City had no capital lease obligations in FY 2018-19.
- Long-term liability and workers compensation insurance claim reserves increased by \$77,396 (See Note 13). Growth in workers compensation claims activity resulted in a reserve increase of \$213,773, while general liability claims activity resulted in a decrease in general liability reserves of \$136,375. In FY 2018-19, the net effect of worker's compensation is stable largely due to an increase in charge-outs to the General Fund.

Fund Financial Basis – Governmental Funds

- As of June 30, 2019, the General Fund balance was \$26,454,596. Fund revenues exceeded expenditures by \$1,912,965.
- Governmental Funds (General, Capital Improvement and Special Revenue) revenue totaled \$83,465,975, an increase of \$4,047,218 (5.1%) from FY 2017-18. Higher revenues from Property Taxes and Charges for Services along with expenditure savings contributed to the increase.
- Governmental Funds expenditures totaled \$88,000,295, up \$13,008,203 (17.3%) from the prior year. This rise was driven by increased capital improvement and operational expenditures in the General Fund throughout all current categories of expenditures, mainly in Public Safety. Capital Improvement Fund expenditures increased by \$4,080,695, while expenditures in other nonmajor governmental funds decreased primarily due to decreases in capital outlay and Public Works expenditures. Capital expenditures tend to fluctuate depending on the number and magnitude of projects in design or construction.
- General Fund net transfers-out totaled \$2,330,423. Transfers-out included \$1,273,783 to the Stormwater Fund, \$600,299 to the Information Systems Fund, \$560,100 to the Capital Improvement Fund, \$144,634 to the Street Lighting and Landscape Fund, and \$15,480 to the Prop A Fund. General Fund transfers-in included \$263,873 from the County Parking Fund. Transfers are required to maintain adequate funding levels or eliminate deficits (See Note 4 for more information).

USING THIS ANNUAL REPORT

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which is comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting on the City as a Whole

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference between these items reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Manhattan Beach is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs on a full-accrual basis, regardless of the timing of related cash flows. Thus,

revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government wide statement of activities has two components:

Governmental Activities

This is a consolidation of all governmental funds and includes the General Fund, Capital Improvements Funds, Special Revenue Funds and Internal Service Funds. These funds are supported by taxes, intergovernmental revenues, grants, and charges for services. Expenses include materials and labor, depreciation, and amortization of prepaid pension obligations. Governmental fund expenditures for payment of principal on long-term debt and capital assets are excluded. All intra-governmental charges and expenses and transfers within governmental funds are eliminated.

All internal service fund expenses and depreciation on capital assets are fully allocated to each functional program. Expenses are classified among the following programs: general government, public safety, culture and recreation, and public works. Program activities that produce revenues or receive grant support are applied against program expenses to yield the net expenses. Revenues that cannot be attributed to a specific program, such as taxes and interest (e.g. General Revenues), are shown separately. The total of General Revenues, less net program expenses, generates the change in net position. Total net position of governmental activities differs from fund balances of governmental funds by long-term assets (capital and prepaid pension), long-term liabilities and the total of internal service fund net position.

Business Type Activities

All enterprise funds (Water, Wastewater, Stormwater, Refuse and Parking Funds) are included in Business Type activities. These activities have been traditionally presented as enterprise funds and tie directly to the *Statement of Revenues, Expenses, and Change in Net position – Proprietary Funds*, as shown in the Funds section of this report.

The government-wide financial statements can be found on pages 25 to 27 of this report.

Reporting on the City's Most Significant Funds

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manhattan Beach, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spendable resources available at the end of the fiscal year. In effect, the budgetary governmental fund statements are working capital flow of funds statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds *Balance Sheet*, and *Statement of Revenues, Expenditures and Changes in Fund Balances*, there are respective reconciliations of the fund balance to *Statement of Net position*, and *Net Change in Fund Balances* – total governmental funds to change in net position of governmental activities. As discussed above, the reconciliations include treatment of capital expenditures, depreciation,

changes in capital assets, long-term debt, prepaid pension costs, full accrual versus modified accrual and change in net position of internal service funds.

The City of Manhattan Beach maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, Gas Tax Fund, Proposition C Fund, and Capital Projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund financial statements section of this report.

The City of Manhattan Beach currently operates on a biennial budget cycle where the first year is adopted and the second year is approved. The second year of the budget is formally adopted in June of the second year before the fiscal year. The FY 2018-19 Budget was adopted on June 19, 2018. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 to 35 of this report.

Proprietary funds: Proprietary funds account for goods and services provided to customers and for cost recovery via service charges. There are two types of proprietary funds: enterprise funds which provide services to outside users (residents and businesses of Manhattan Beach), and internal service funds, which provide services to City departments. The City uses internal service funds to account for its fleet of vehicles, information systems, shared building and maintenance costs, and City-wide insurance costs. Because these services predominantly benefit the governmental function, they have been included within governmental activities in the government-wide financial statements and related intra-governmental charges and transfers have been eliminated accordingly, except for charges and transfers to the enterprise funds, which are quasi-internal transactions.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements. Three of the City's seven enterprise funds are considered major funds and presented as such in the fund financial statements. The four non-major funds, Stormwater, Refuse, County Parking Lot, and State Pier and Parking lots, are presented individually in the combining statements.

The combining statements referred to earlier in connection with non-major governmental funds, proprietary and internal service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 120 to 150 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 to 93 of this report.

The City as Trustee

Other information: In addition to the basic financial statements and accompanying notes, this report also presents the City's progress in funding its obligation to provide pension benefits to its employees and the budget-to-actual financial comparisons for the General Fund. The City has elected to present this information within the basic financial statement and financial statement sections of the report. Note 9 and Note 10 provides detailed analysis of City retirement plans.

All of the City's fiduciary activities are reporting distinctly in a separate Statement of Fiduciary Assets and Liabilities. These figures are not combined with other financial statements because the City cannot use

these assets to finance present or future operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

As noted earlier, net position serves as an indicator of a government's financial position. In the case of the City of Manhattan Beach, net position totaled \$200,406,763 at June 30, 2019 versus \$191,587,338 at June 30, 2018 – an increase of \$8,819,425. The reason for this increase is primarily due to the operations in the Business-Type Funds.

Net position of the City's *Governmental* activities amounted to \$99,723,603, an increase from the prior year of \$265,350. On the table of Net Position below, \$111,406,609 is net investment in capital assets¹ such as land, buildings, machinery, infrastructure, equipment and other improvements; \$8,073,168 is restricted for debt service, capital projects, post-employment benefits, or for Special Revenue Fund resources that are subject to external restrictions on use. Governmental activities' unrestricted net position decreased by \$4,894,079 from the prior year to negative \$19,756,174. Significant components of non-current liabilities and deferrals include 1) net pension liabilities of \$73,345,094 (including PERS plan and City Plan); 2) long term debt totaling \$12,895,675; 3) accrued workers compensation and liability claims and judgments of \$6,665,286; and 4) accrued employee benefits of \$2,236,919.

Net position of the City's *Business-type* activities totaled \$100,683,160. This represents an increase from FY 2017-18 of \$8,554,075. Net investments in capital assets (land, buildings, machinery, equipment, etc.) totals \$43,807,896, while \$571,598 is restricted for business improvement district use. Significant components of non-current liabilities and deferrals include: 1) long term debt totaling \$8,766,767; 2) net pension liabilities of \$1,759,113; and 3) accrued employee benefits of \$69,188. Business-type activities' unrestricted net position increased by \$7,916,495 from the prior year to \$56,303,666, primarily as a result of operations in the Water and Wastewater Fund.

¹ Net investment in capital assets is calculated by taking total capital assets net of depreciation, less corresponding bonds and lease payable, less the balance of unamortized bond premium, plus deferred charges on refunding bonds.

City of Manhattan Beach Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current Assets	\$75,274,818	\$72,704,083	\$61,405,916	\$54,372,676	\$136,680,734	\$127,076,759
Total Capital Assets Net of Depreciation	124,719,930	117,787,326	53,239,663	53,293,308	177,959,593	171,080,634
Other Non-Current Assets	3,784,896	5,223,863	224,306	221,678	4,009,202	5,445,541
Total Assets	\$203,779,644	\$195,715,272	\$114,869,885	\$107,887,662	\$318,649,529	\$303,602,934
Deferred Charge on Refunding	\$402,354	\$434,533	-	-	\$402,354	\$434,533
Deferred Pension Related Items	18,258,168	22,369,214	396,184	549,636	18,654,352	22,918,850
Deferred OPEB Related Items	25,283	-	1,264	-	26,547	-
Deferred Outflows of Resources	\$18,685,805	\$22,803,747	\$397,448	\$549,636	\$19,083,253	\$23,353,383
Current Liabilities	\$23,717,251	\$19,507,268	\$3,888,975	\$4,886,105	\$27,606,226	\$24,393,373
Non-Current Liabilities	95,142,974	95,801,755	10,595,068	11,282,146	105,738,042	107,083,901
Total Liabilities	\$118,860,225	\$115,309,023	\$14,484,043	\$16,168,251	\$133,344,268	\$131,477,274
Deferred Pension Related Items	\$3,881,621	\$3,751,743	\$100,130	139,962	\$3,981,751	\$3,891,705
Deferred Inflows of Resources	\$3,881,621	\$3,751,743	\$100,130	\$139,962	\$3,981,751	\$3,891,705
Net Investment in Capital Assets	\$111,406,609	\$103,659,026	\$43,807,896	\$43,188,261	\$155,214,505	\$146,847,287
Restricted	8,073,168	10,661,322	571,598	553,653	8,644,766	11,214,975
Unrestricted	(19,756,174)	(14,862,095)	56,303,666	48,387,171	36,547,492	33,525,076
Total Net Position	\$99,723,603	\$99,458,253	\$100,683,160	\$92,129,085	\$200,406,763	\$191,587,338

The City's total change in net position amounts to an increase of \$8,819,425. Governmental activities' total net position increased by \$265,350. Business-type activities' total net position increased by \$8,554,075.

The following table condenses the Government-wide Statement of Activities and Change in Net Position for the fiscal years ending June 30, 2019 and June 30, 2018:

City of Manhattan Beach Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$19,331,681	\$19,348,307	\$27,808,577	\$27,464,617	\$47,140,258	\$46,812,924
Operating Contributions and Grants	2,190,097	3,253,902	117,833	331,705	2,307,930	3,585,607
Capital Contributions and Grants	4,046,717	2,461,094	-	-	4,046,717	2,461,094
General Revenues:						
Property Taxes	32,107,341	30,318,225	-	-	32,107,341	30,318,225
Other Taxes	21,176,590	19,281,127	-	-	21,176,590	19,281,127
Motor Vehicle in Lieu	17,276	18,680	-	-	17,276	18,680
Use of Money and Property	5,747,403	2,815,868	2,237,070	224,471	7,984,473	3,040,339
Other	27,943	10,345	-	2,580	27,943	12,925
Total Revenues	\$84,645,048	\$77,507,548	\$30,163,480	\$28,023,373	\$114,808,528	\$105,530,921
Expenses:						
General Government	\$15,887,856	\$15,510,329	-	-	\$15,887,856	\$15,510,329
Public Safety	46,314,516	43,350,463	-	-	46,314,516	43,350,463
Public Works	9,922,148	10,188,714	-	-	9,922,148	10,188,714
Culture & Recreation	10,805,410	9,895,447	-	-	10,805,410	9,895,447
Interest on Long-Term Debt	439,858	465,472	-	-	439,858	465,472
Water, Waste, Storm	-	-	14,948,884	14,418,031	14,948,884	14,418,031
Refuse	-	-	4,109,233	4,223,690	4,109,233	4,223,690
Parking	-	-	3,561,198	4,463,751	3,561,198	4,463,751
Total Expenses	\$83,369,788	\$79,410,425	\$22,619,315	\$23,105,472	\$105,989,103	\$102,515,897
Revenues Over Expenses	1,275,260	(1,902,877)	7,544,165	4,917,901	8,819,425	3,015,024
Transfers In (Out)	(1,009,910)	(735,737)	1,009,910	735,737	-	-
Increase (Decrease) in Net Position	\$265,350	(\$2,638,614)	\$8,554,075	\$5,653,638	\$8,819,425	\$3,015,024
Net Position - Beginning	\$99,458,253	\$98,583,961	\$92,129,085	\$86,550,606	\$191,587,338	\$185,134,567
Restatement of Net Position	-	\$3,512,906	-	(75,159)	-	3,437,747
Net Position - June 30 (Year End)	\$99,723,603	\$99,458,253	\$100,683,160	\$92,129,085	\$200,406,763	\$191,587,338

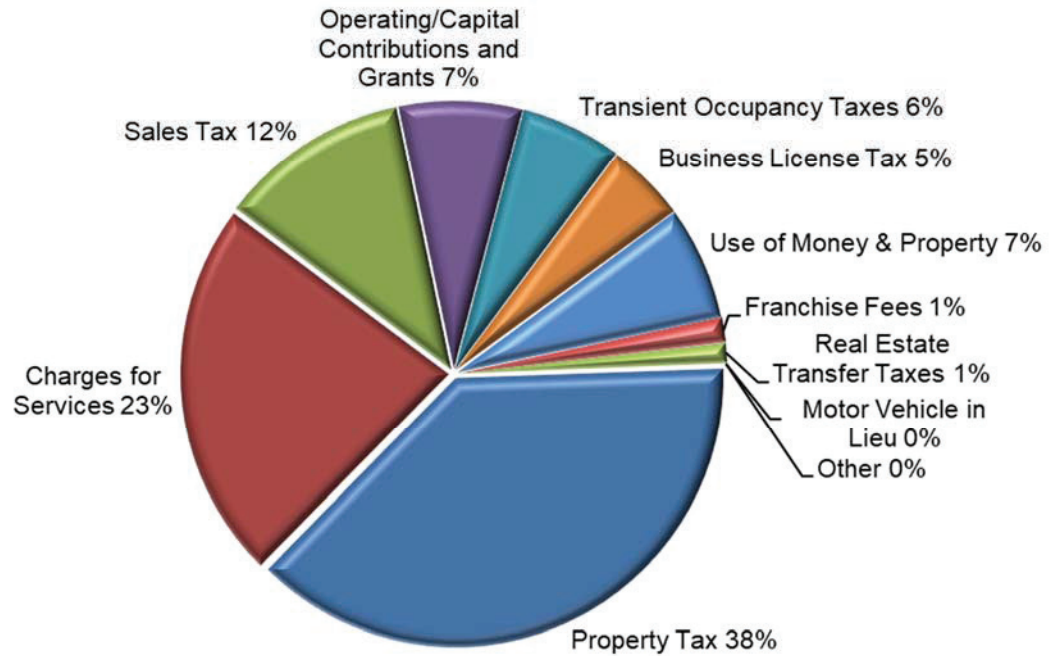
Changes in Net Position - Governmental Activities

The City's governmental activities in FY 2018-19 increased net position by \$265,350 compared to an increase of \$874,292 in FY 2017-18.

While total revenues increased by \$7,137,500, total expenses increased by \$3,959,363, which the City is closely monitoring in light of expected future increases in pension expenses as a result of CalPERS reducing the discount rate and revising the actuarial methods/assumptions. Revenues in taxes and assessments increased \$3.7 million compared to the prior year. Significant expense increases include an increase in salary and benefits (\$3.2 million) inclusive of workers compensation charge-outs and unfunded pension liability payments and an increase in materials and services (\$2.4 million) due to a one-time payment \$1.0 million to the Manhattan Beach Unified School District for additional safety and security measures and the purchase of replacement radios and peripheral equipment totaling \$1.3 million for all public safety, public works, and code enforcement personnel.

Total governmental activities revenue of \$84,645,048, excluding transfers-out of \$1,009,910, is broken out as follows:

Revenue by Source - Governmental Activities FY 2019



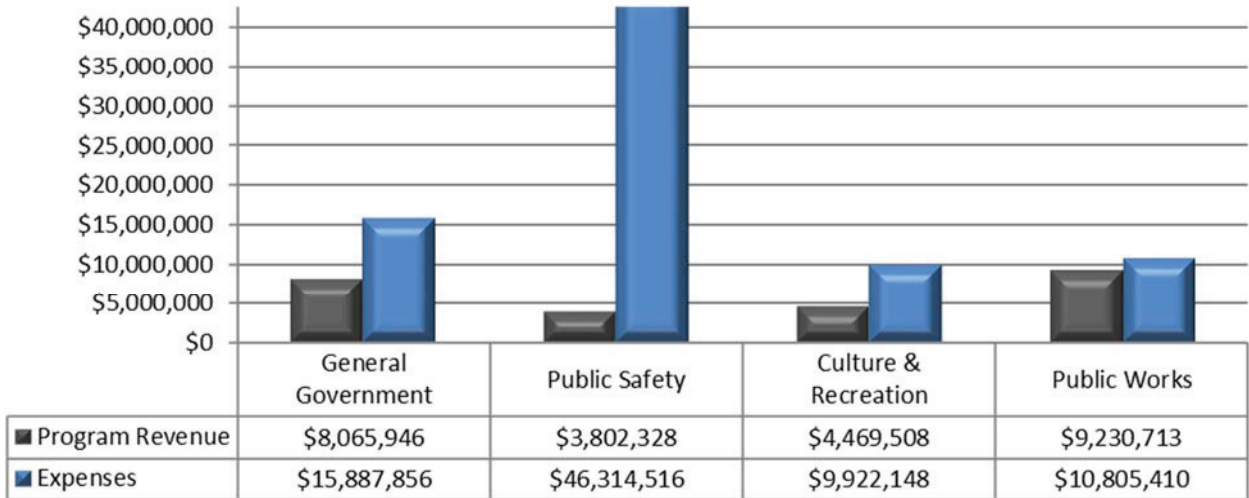
Functional expenses (excluding interest on debt) for the years ending June 30, 2019 and June 30, 2018 were as follows:

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General Government	15,887,856	15,510,329	(7,821,910)	(9,294,702)
Public Safety	46,314,516	43,350,463	(42,512,188)	(38,571,698)
Culture and Recreation	9,922,148	9,895,447	(5,452,640)	(5,505,480)
Public Works	10,805,410	10,188,714	(1,574,697)	(509,770)
Total	\$82,929,930	\$78,944,953	(\$57,361,435)	(\$53,881,650)

The total cost of services increased from the prior year by \$3,984,977 (5.0%), while the net cost of services decreased by \$3,479,785 (6.5%) from the prior year. Total cost of services for Public Safety increased by \$2,964,053, Culture and Recreation increased \$26,701, General Government increased by \$377,527, and Public Works increased by \$616,696.

The following chart illustrates governmental revenues and expenses by function for the year ended June 30, 2019.

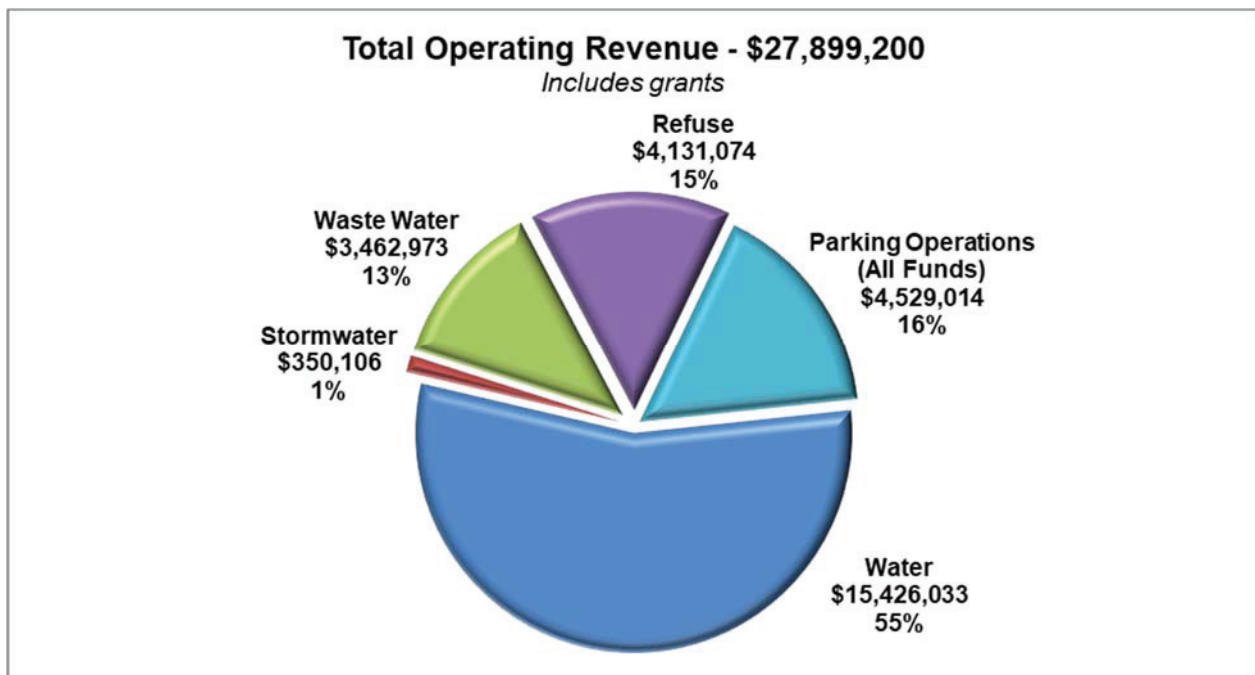
Governmental Activities Revenue and Expenses by Function/Program
Year Ended June 30, 2019
(excludes interest on long-term debt)



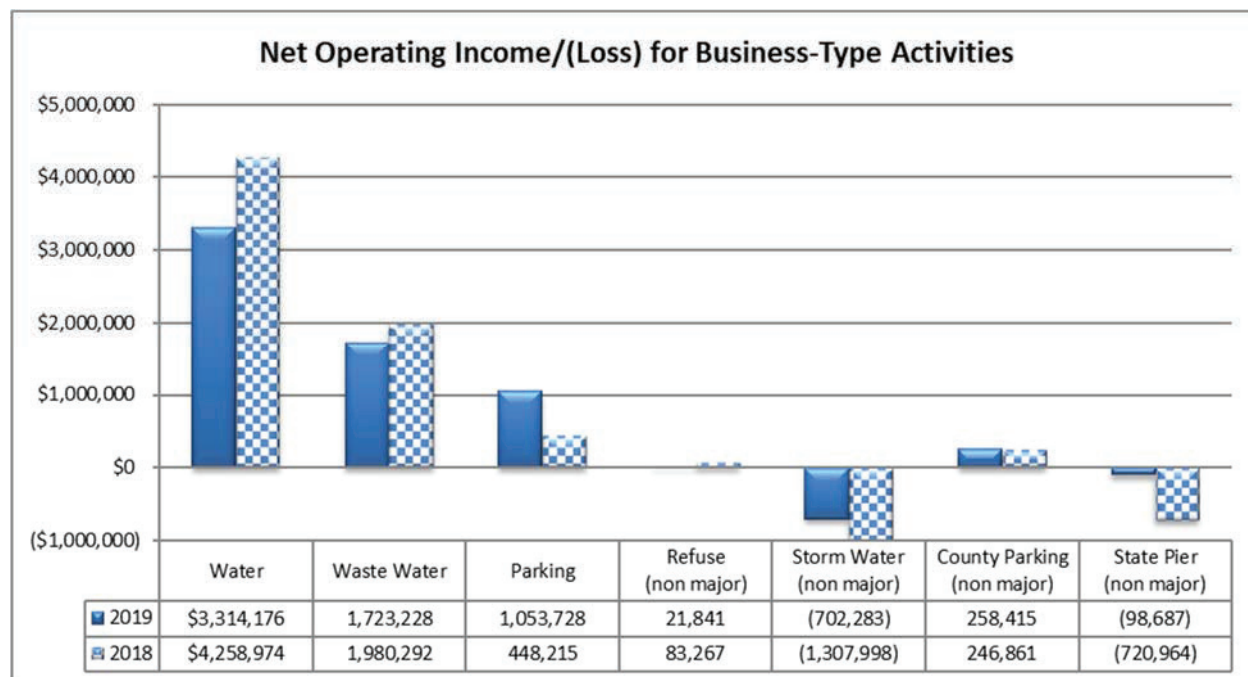
Change in Net Position - Business Type Activities

In fiscal year 2018-19, total revenues for the City's business-type activities amounted to \$30,163,480. Operating revenues totaled \$27,899,200, interest revenues totaled \$2,236,009, and other revenues totaled \$28,271. Expenses totaled \$22,619,315 of which operating expenses equaled \$22,328,782, and non-operating expenses (including debt interest expense) totaled \$290,533. Total income from operations was \$5,570,418 while net income before transfers was \$7,544,165. After net transfers-in totaling \$1,009,910, net position increased by \$8,554,075 compared to an increase of \$5,653,638 in FY 2017-18.

Operating Revenues by Source - Business Type Activities FY 2019



Operating Income varied across the business-type activities in FY 2018-19. A year-over-year comparison is presented below. Further analysis of the major funds is discussed later in this report.



In recent years, GASB has released Statements 68, 74, and 75. These statements have a significant financial impact on the City's Financial Statements and in particular, the government wide statements. Public agencies must recognize the net noncurrent liabilities (accrued liabilities less fiduciary assets) of pension plans and other postemployment benefit plans. Due to the magnitude of these net liabilities, the City's government wide net position is significantly reduced. In addition, since these liabilities must be amortized over a fixed period of time, there will be an increase demand on future working capital.

Accounting and Financial Reporting for Pensions - GASB 68

Net pension liability (\$74,851,127) is most significant due to its impact on the City's reported Net Position. Net position is comprised of three components - Net investment in capital assets, Restricted and Unrestricted. Governmental and Business-type activities' net position captures the corresponding share of net pension liabilities. In the case of Governmental activities (which absorb over 95% of pension expense for general government, public safety, public works and recreation employees), the result is a net pension liability of \$73,092,014. Due to the significantly smaller employee population in Business-type activities, these funds have a much smaller net pension liability of \$1,759,113. Because of the significant impact of pension liabilities on the City's financial status, a thorough explanation is included at the end under the section *Effect of Pension Activity on Net Position*.

Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – GASB 74/75

In FY 2017-2018, the City implemented the pronouncements of GASB 74 and GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). GASB 74 replaces the requirements for GASB 43 and 57. GASB 75 replaces the requirements for GASB 45. The purpose of GASB 74 and GASB 75 is to establish new accounting and financial reporting standards for OPEB that is provided to employees by state and local governments.

The City has a two retiree medical plans that fall under the definition of an OPEB plan. One is the City plan, which provides a fixed stipend to qualifying retirees until age 65. The other is a contribution to all retirees

who enroll in the CalPERS medical plan as mandated by the Public Employee Medical and Hospital Care Act (PEMHCA).

The plans are financed by actuarially determined contributions and interest earnings. The funds are held in Section 115 trust fund managed by California Employees' Retirement Benefit Trust (CERBT), which is under the CalPERS umbrella. The City reports the CERBT actuarial determined net assets as of a measurement date. The most recent actuarial valuation for this plan was on June 30, 2018. As of the valuation date, plan fiduciary net position totaled \$10,282,093 and OPEB liability totaled \$6,314,885, resulting in a net OPEB asset of \$3,967,208 government wide. The Governmental Activities share of net OPEB asset was \$3,742,902 and the Business-Type Activities reported a net OPEB asset of \$224,306.

Please refer to Note 11 for more information on the post-employment benefit plans.

FUND FINANCIAL STATEMENTS

Governmental Funds

As of the end of the 2019 fiscal year, the City's governmental funds ending fund balances totaled \$41,056,953, a decrease of \$6,282,290 (13.3%) in comparison with the prior year.

Within the Governmental Funds total, \$24,694,460 (60.1%) constitutes unassigned fund balance. The unassigned fund balance exists only in the General Fund. The remainder of the fund balance (\$16,362,493) is non-spendable, restricted or committed indicating these funds are not available for new spending because it has already been committed for on-going capital projects, advanced to other funds for legally restricted use, long term notes receivable, or for legally-required debt service reserves.

Notwithstanding Governmental Accounting Standards Board (GASB) pronouncements, the City Council has established earmarks within the unassigned category for working capital and budgetary capital planning initiatives. Of the \$24.7 million unassigned governmental fund balance noted above, \$18.9 million has been designated by City Council policy.

General Fund

The General Fund is the chief operating fund of the City of Manhattan Beach. At the end of the 2018-19 fiscal year, unassigned fund balance of the General Fund was \$24,694,460, while total fund balance was \$26,454,596. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 4.0 months of total General Fund expenditures, while total fund balance represents 4.3 months of General Fund expenditures.

During the year, General Fund revenues exceeded expenditures by \$1,912,965. The non-spendable portion of fund balance decreased \$1,556,843 due to the settlement of notes and loans in FY 2019. Significant one-time expenditures were \$1,000,000 to city schools for security upgrade, and \$1,200,000 for new radios to conform with new communication requirements. The decrease in fund balance of \$417,458 included net transfer activity of negative \$2,330,423 due to the following transfers:

- \$1,273,783 was transferred to the Stormwater Fund to relieve a deficit fund balance due to operations.
- \$600,299 was transferred to the Information Systems Fund for new financial software.
- \$560,100 was transferred to the Capital Improvement Fund to support unfunded projects.
- \$144,634 was transferred to the Street Lighting Fund to relieve a deficit fund balance.
- \$15,480 was transferred to the Prop A Fund to relieve a deficit fund balance due to operations.
- \$263,873 of excess revenues from the County Parking Lot Fund was transferred to the General Fund in line with the contract with the County of Los Angeles.

Please see Note 4 for more information.

Special Revenue Funds

Revenues in the Gas Tax and Proposition C Funds totaled \$1,747,749 and \$813,468, respectively. These revenues are dedicated to street maintenance as well as street infrastructure projects. Gas Tax Fund Expenditures totaled \$3,859,563 for maintenance projects such as slurry seal as well as capital outlay projects, including street resurfacing. Expenditures in the Proposition C Fund of \$1,155,832 included street resurfacing as well as design and right-of-way expenditures for the planned Sepulveda Bridge Widening and Seismic Retrofit project.

Capital Improvement Fund

The Capital Improvement Fund serves to plan and manage the construction and maintenance of non-enterprise projects which are funded through dedicated revenue sources as well as General Fund surpluses which may arise from year to year. The City adopts a five-year capital project plan in which City Council priorities are planned. The Capital Improvement Fund is one of the major funds covered in that City-wide plan.

At the end of fiscal year 2018-19, total fund balance of \$7,598,135 in the Capital Improvement Fund was committed to capital projects.

A partial list of identified long-term project commitments at year-end includes:

- \$1.7 million in various facilities improvements
- \$842,650 for the downtown streetscape improvements
- \$586,218 for design of the replacement Fire Station #2
- \$550,000 for Senior and Scout house renovations
- \$500,000 for Begg Field synthetic turf & light replacement
- \$3.4 million for other building improvements and street projects

During Fiscal Year 2018-19, the Capital Improvement Project Fund balance decreased by \$2,971,353 (28.1%). Revenues of \$2,024,692 were offset by capital and maintenance expenditures of \$4,783,883 and debt service of \$772,262.

Of the \$2,024,692 in total revenues to the Capital Improvement Fund, certain dedicated revenues described below totaled \$1,519,136 in FY 2018-19. The following revenues are earmarked for funding general government capital improvement projects in the effort to maintain and enhance City infrastructure:

Hotel Tax: 15% of the Transient Occupancy Tax has been dedicated to funding CIP's, generating \$781,830 in revenue for the year, which is \$117,434 (17.7%) above prior year levels. The increase was primarily due to the Marriott remodel which was completed in May 2018.

Parking Meter Rates: Fifty cents of the \$1.75 per hour on-street parking meter rates is dedicated to capital improvements. This source generated revenue of \$649,026 this fiscal year, up \$12,871 or 2.0% from the prior year.

Parking Citation Rates: Most parking citations include four dollars dedicated to the CIP fund. For FY 2018-19, revenue of \$88,280 was realized; a decrease of \$10,384 (10.5%) from the prior year.

Grant funds received as reimbursement for capital project expenditures totaled \$448,758.

Capital Improvement Fund expenditures totaled \$5,556,145. Capital outlay expenditures totaled \$4,103,487, operating expenditures of \$680,396, and debt service of \$772,262. Capital projects of \$4.1 million consisted of:

- \$919,642 – Safe Routes to School
- \$747,953 – Village Field Replacement Turf
- \$743,462 – Street Light Acquisition and Retrofits
- \$308,228 – Intersection Pedestrian Improvements
- \$300,646 – Engineering Space Planning
- \$297,825 – Veteran’s Parkway Design
- \$255,020 – Fire Station 2 Design
- \$247,138 – Downtown Streetscape Traffic Signal Pole
- \$283,573 – Other Capital Improvement Fund projects.

Other Governmental Funds

Other non-major governmental funds include all Special Revenue funds used exclusively to account for intergovernmental and assessment proceeds, which are restricted in use by law. This group of funds includes the Street Lighting Fund, Federal and State Grants Fund, Propositions A Fund, Measure R Fund, Measure M Fund, Asset Forfeiture Fund, Police Safety Grant Fund, the Air Quality Management Fund and Underground Assessment Fund. The majority of the dollars which flow through these funds are used for the maintenance of streets, parks, local transportation programs and the purchase of safety and fuel efficient equipment.

The Street Lighting Fund continues to run deficits each year. For FY 2018-19, expenditures exceeded revenues by \$144,634. Since there is no fund balance to draw upon, the General Fund contributes the entire amount to make up for the deficit in the Street Lighting Fund. These contributions will be necessary until a Proposition 218 assessment vote is successful in raising the assessment rates and revenues.

Proprietary Funds

The City’s proprietary funds consist of enterprise funds and internal service funds. The enterprise funds include Water, Wastewater and Parking Funds (major funds), as well as Stormwater, Refuse and both the County and State Pier & Parking Lot Funds (which are considered non-major). Internal service funds include Insurance Reserve, Information Systems, Fleet Management and Building Maintenance and Operations.

Enterprise Funds

At year-end, total net position of all enterprise funds amounted to \$100,683,160. Net investment in capital assets totaled \$43,807,896 and \$571,598 is restricted for a business improvement district. The balance of \$56,303,666 is unrestricted net position. This presentation mirrors statement of net position of Business Type Activities included in the Government Wide Financial Statements section.

Overall, the combined net income of enterprise funds was \$7,544,165 before transfers. Operations resulted in a \$5,570,418 increase in net position. Transfer activity included a transfer-out of \$263,873 from the County Parking Lots Fund to the General Fund and a transfer-in of \$1,273,783 from the General Fund to cover the deficit in the Storm Drain Fund.

Several enterprise funds are worth noting:

- The Water Fund continues to build the resources for planned capital improvements needed to sustain the utility’s operation and infrastructure. Net income from operations totaled \$3,314,176, a decrease from the prior year which had net operating income of \$4,258,974. Revenue from sales decreased by 0.7%, while operating expenses (labor, materials, services, etc.) increased by 7.5%. Accumulated fund balances provide resources for planned capital improvements to the utility’s infrastructure, estimated at \$46.1 million over the next five years.

- The Wastewater fund net operating income for FY 2018-19 was \$1,723,228 versus \$1,980,292 in FY 2017-18 – a decrease of \$240,547, or 13.0%. Operating revenue increased \$45,201 (1.3%) while operating expenses increased \$302,265 (21.0%). It is important to note that Wastewater revenues are based on water consumption, and increases or decreases in consumption due to water conservation efforts also impact Wastewater revenues.
- The Parking Fund net operating income for FY 2018-19 was \$1,053,728, up \$605,513 or 135.1% from the prior year. Operating revenue increased \$513,215 in FY 2019, up 20.3% compared to the prior year, primarily driven by the increase in parking meter rates of \$0.50/hour that went into effect in FY 2018-19. Total operating expenses of \$1,984,762 were down \$92,298 or 4.4% from the prior year. Although net income was \$879,407, future capital improvement projects as well debt service of bond principal will require an increase in cash flow.
- Refuse Fund net income from operations totaled \$21,841 in FY 2018-19, a decrease of \$61,426 from the prior year. Operating expenses decreased by \$114,457 (2.7%) and operating revenues decreased by \$175,883 (4.1%). Starting FY 2013-14, the City voluntarily commenced issuing refunds for past street sweeping charges collected on utility bills. Restatements to the Refuse Fund balance from FY 2013-14 to date totaled \$829,697 to recognize the street sweeping refunds issued from prior year revenues. Fund balance at June 30, 2019 totaled \$856,758, an increase of \$92,699 from FY 2017-18. Accumulated fund balance will be spent on capital improvement projects, including for City-owned refuse enclosures, in future years.
- The Stormwater Fund net operating loss in FY 2018-19 totaled \$702,283. This loss is a continuation of prior year net losses in FY 2017-18 (\$1,307,998), FY 2016-17 (\$656,955), FY 2015-16 (\$771,508), FY 2014-15 (\$424,468), FY 2013-14 (\$420,831), and FY 2012-13 (\$57,093). The combination of fixed assessments (that have remained unchanged since 1996) and rising costs currently requires a General Fund cash subsidy. The General Fund transferred \$1,273,783 in FY 2018-19 to relieve the operational deficit and fund necessary capital improvements in the Stormwater Fund. Additional capital improvements due to legislative mandates will also result in increased costs in the near future. A Proposition 218 assessment vote will be necessary to properly fund operations going forward.

Internal Service Funds

Unrestricted net position of the internal service funds at the end of the year amounted to \$1,522,901 with total net position of \$6,669,533 at year-end. Total net position increased by \$2,156,877 from the prior year. The increase in net position is primarily driven by an increase of interdepartmental service charges of \$606,381 and a decrease of expenditures in the amount of \$2,424,204 compared to the prior year.

In the Insurance Fund, net position at year-end was negative \$2,006,073, compared to negative \$2,989,182 in the prior year. Unrestricted net position increased due to a decrease of claims paid in FY 2018-19 of \$2,978,929. FY 2018-19 workers compensation and liability claims expense totaled \$5.1 million. For comparison, prior year workers compensation and liability claims expense are below:

FY 2018-19	\$5.10 million
FY 2017-18	8.08 million
FY 2016-17	6.35 million
FY 2015-16	6.66 million
FY 2014-15	6.56 million
FY 2013-14	5.17 million
FY 2012-13	3.77 million
FY 2011-12	4.96 million
FY 2010-11	3.59 million
FY 2009-10	1.69 million

The unpredictable nature of workers compensation and liability claims activity causes these fluctuations in claims expense from year to year. The City continually looks for ways to proactively manage risk and reduce these costs.

Net position in the Fleet Fund increased by \$404,894, to \$8,149,505, reflecting departmental charge-outs (revenues to the fund) for vehicle rent and maintenance. Capital purchases totaled \$1,414,100 versus \$497,249 in FY 2017-18. Accumulated working capital will be used for the purchase of large vehicles such fire trucks as well as maintenance trucks and police vehicles.

Net position in the Building Maintenance and Operations Fund is negative \$327,069 due to the net pension liability of \$570,068. The negative net position will be relieved by increased charges to user departments which will be used to pay down net pension liability.

The Information Systems Fund also has a net position of \$853,170. Net pension liability in this fund totals \$943,787, a decrease of \$32,980 from FY 2017-18. The operating expenditure is offset by departmental charge-outs borne primarily by the General Fund.

General Fund Budgetary Highlights

Estimated and Actual Revenues

General Fund revenues totaled \$76,396,590 including transfers-in from other funds. Total General Fund revenues outperformed the final budget by \$1,930,172 mainly due to unrealized investment gains. Tax revenues outperformed budget by \$860,563 due to property taxes of \$449,752 and business license tax of \$242,020. Use of money and property exceeded budget by \$1,350,016 mainly due to interest and investment gains of \$1.0 million. Fines and Forfeitures underperformed the final budget by \$583,588 mainly due to lower parking citation revenue. Miscellaneous Revenue came in \$244,649 over budget due worker's compensation reimbursements.

Appropriations and Expenditures

The final amended General Fund budget increased overall by \$1,269,932 over the adopted appropriations. Actual expenditures were under the final budget by \$2.2 million.

The budget adjustments were due to carrying forward prior year encumbrances and budget adjustments approved by City Council as follows:

- \$354,659 due to the carry-forward of prior year encumbrances
- \$290,000 for the FTTP Pilot Network Project
- \$216,490 for ballot measures
- \$123,735 for the Underground Assessment District
- \$285,048 due to various grants.

Capital Asset and Debt Administration

Capital Assets: Government-wide, the City's investment in capital assets (net of accumulated depreciation) as of June 30, 2019 is \$177,959,593. This is an increase from the prior year of \$6,878,959. This investment in capital assets includes land, buildings, park improvements, roadways, sewer, storm drains, vehicles, computer equipment, furniture and other equipment.

City of Manhattan Beach Capital Assets
(Net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$33,634,565	\$33,634,565	\$2,607,434	\$2,607,434	\$36,241,999	\$36,241,999
Buildings	30,796,997	31,353,485	15,501,718	15,670,927	46,298,715	47,024,412
Machinery & Equipment	1,044,273	1,005,104	643,755	735,852	1,688,028	1,740,956
Vehicles	5,146,632	4,702,887	-	-	5,146,632	4,702,887
Infrastructure	40,456,276	38,297,975	31,561,670	31,805,173	72,017,946	70,103,148
Invested in Joint Venture (RCC)	2,372,378	1,876,862	-	-	2,372,378	1,876,862
Work in Progress	11,268,809	6,916,448	2,925,086	2,473,922	14,193,895	9,390,370
Total	\$124,719,930	\$117,787,326	\$53,239,663	\$53,293,308	\$177,959,593	\$171,080,634

Governmental

During fiscal year 2018-19, governmental capital expenditures included:

- \$2,192,753 for infrastructure
- \$1,414,100 for vehicle purchases
- \$405,957 for machinery and equipment

Business-type

During the fiscal year, Business-type capitalized net expenditures totaled \$1,263,431 for projects in progress. This increase was offset by depreciation of \$1,317,076, resulting in a net decrease in assets of \$53,645.

Please refer to Note 5 for additional information on the City's capital assets.

Long-Term Liabilities: Total long-term liabilities citywide (excluding unamortized bond premiums) equal \$42,276,777, a decrease of \$1,702,847 from fiscal year 2017-18 due to payments made to decrease outstanding liabilities and a decrease in insurance claim reserves for workers compensation and liability. Governmental liabilities decreased by \$1,003,659 or 4.5% while business type liabilities decreased by \$644,580 or 7.1%. The following table is a condensation of Note 6 and Note 13.

City of Manhattan Beach Outstanding Liabilities (Excluding Bond Premium)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Marine Avenue Park Refunding COPs	\$5,345,000	\$5,640,000	-	-	5,345,000	5,640,000
Capital Equipment Lease	-	-	-	-	-	-
Police & Fire Facility Refunding COPs	7,680,000	8,180,000	-	-	7,680,000	8,180,000
Accrued Employee Leave & Benefits	2,924,985	3,301,771	90,470	63,927	3,015,455	3,365,698
Melox and Water/Wastewater Refunding COPs	-	-	1,610,000	1,805,000	1,610,000	1,805,000
Metlox Parking Refunding COPs	-	-	7,430,000	7,870,000	7,430,000	7,870,000
Insurance Claim Reserves	17,196,322	17,118,926	-	-	17,196,322	17,118,926
Total Long Term Liabilities	\$33,146,307	\$34,240,697	\$9,130,470	\$9,738,927	\$42,276,777	\$43,979,624
Current portion of Long Term (due within one year)	12,039,102	12,129,833	686,282	650,159	12,725,384	12,779,992
Long Term Liabilities - Non Current	\$21,107,205	\$22,110,864	\$8,444,188	\$9,088,768	\$29,551,393	\$31,199,632

Governmental

Principal obligations for existing long-term bonded debt were reduced in accordance with existing debt service schedules. The Marine Avenue Certificates of Participation were refinanced in January 2017. The outstanding liability for the Marine Avenue Park Refunding Certificates of Participation as of June 30, 2019 is \$5,345,000, down \$295,000 from the prior year due to principal payments.

Ongoing claims in Insurance Claim Reserves resulting from workers compensation claims have resulted in the Insurance Fund being in a deficit position, even with the \$2.0 million transfers from the General Fund to the Insurance Fund from FY 2015-16 to FY 2017-18. In FY 2018-19, workers compensation charge outs to the General Fund increased by \$1.2 million.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3.75% of its total assessed valuation. The current debt limitation for the City of Manhattan Beach (fiscal year 2018-19) is \$700 million.

Business Type

Business type principal obligations for existing long-term bonded debt were reduced in accordance with existing debt service schedules. For the details regarding components of long term liabilities including debt service schedules, please refer to Note 6.

EFFECT OF PENSION ACTIVITY ON NET POSITION

The City contracts with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full time employees and qualified part time employees. City plans cover qualified miscellaneous and safety employees as further described in Note 9.

The implementation of GASB 68 in fiscal year 2014-15 fundamentally changed the presentation of financial statements. Public agencies are required to recognize net pension liabilities (NPL), which are equal to the gross pension liability less fiduciary assets. Further, public agencies rely on CalPERS to provide valuations of these pension-related fiduciary assets and liabilities. Due to the timing of CalPERS valuation reports, the measurement date for the City's retirement reporting lags by one year.

CalPERS makes actuarial assumptions and projections regarding the population of employees such as salary progression, expected date of retirement, mortality, turnover and, most importantly, the rate of return on investments. With this information, CalPERS actuaries determine the accrued pension liability. CalPERS also determines the value of its fiduciary net position (cash and investments). Ideally, the difference between the accrued pension liability and fiduciary net position would be zero. However, in recent years, CalPERS actual results have deviated significantly from assumptions and investment return projections. Differences between CalPERS assumed results and actual results are factored into the City's NPL, which caused it to rise to \$74,851,127 as of June 30, 2019 (using the latest available measurement date as of June 30, 2018). To compare, the City's CalPERS NPL as of June 30, 2018 (using a measurement date as of June 30, 2017) was \$74,435,911 - a difference of \$415,216.

The City's pension expense was \$12.5 million in FY 2018-19 (based on the measurement date of June 30, 2018) due to City Contributions of \$6.7 million, changes in net deferrals of \$5.4 million and changes to NPL of \$415,216. However, net deferrals will be expensed in future years. In addition to current year service contributions, the City makes annual payments toward its unfunded liability. The City's contribution to CalPERS in FY 2018-19 was \$7.73 million, compared to \$6.65 million in FY 2017-18. Contributions in FY 2019-20 are budgeted at \$9.2 million. In the future, City contributions will continue to rise based on both normal service costs and amortization of the unfunded liability. Projected increases over the next five years average \$995,000. Managing the growing NPL and meeting retirement obligations remain some of the City's biggest challenges. Nearly 98% of retirement costs are attributable to the City's Governmental Funds, and growing pension costs certainly have the potential to crowd out other funding needs.

Note 9 provides a breakdown by group (Miscellaneous and Public Safety) and other relevant information. Of particular importance is the sensitivity analysis table indicating outcomes of changes to CalPERS assumed discount rate. For the fiscal year ending June 30, 2019, the discount used for measurement purposes was 7.15%. CalPERS adopted a phased plan to reduce its assumed rate of return to 7% by FY 2020-21, which will further increase the City's NPL in future years. As indicated in the sensitivity analysis table, any reduction in the discount rate leads to an increased net pension liability as well as greater current service costs. The City recognizes these rising costs and is working on mitigating impacts to City services.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In June 2019, the City Council adopted the budget for FY 2019-20. The original budget estimates General Fund revenues at \$76,085,386 and expenditures of \$75,024,437, resulting in an anticipated surplus of \$1,060,949 in FY 2019-20.

The City's major General Fund revenue sources are stable. Property tax, the single biggest General Fund revenue source, is expected to increase in FY 2019-20 by 4.5% over FY 2018-19 actual receipts. Sales tax is projected to remain flat to slightly higher from FY 2018-19. Primary drivers of the stagnation are fuel and service stations, reflecting the downward trend in gasoline prices, and general consumer goods. Transient Occupancy Taxes are expected to be increase by 5.9% compared to FY 2018-19 due to the completion of significant remodeling and upgrades at the Marriott Hotel property that temporarily impacted room occupancy and bookings for large events.

As a service organization, labor accounts for most of our costs - approximately 70% (\$52.2 million) in the General Fund. New labor agreements with three bargaining units (Police Officers, Police Management, and Teamsters) were negotiated during FY 2018-19, and are effective starting calendar year 2019. Negotiations with the Fire, Fire Management, and Mid-Management employee associations are ongoing.

The City continues its focus on capital improvements. Expenditures of \$125.2 million (including carryover projects) are planned over the next five years for utility, street and facility projects. \$71.3 million of that amount is for water, wastewater, and stormwater projects exclusive of mandated improvement projects under the federal National Pollution Discharge Elimination System (NPDES). Approximately \$18.1 million has been budgeted for street and roadway needs, \$17.0 million for general facilities (including parking facilities), and \$18.8 million for the Sepulveda Bridge project. These projects will ensure continued functionality of vital systems, traffic flow and community facilities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial position of the City of Manhattan Beach for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 1400 Highland Avenue, Manhattan Beach, CA 90266.

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 65,224,034	\$ 59,525,678	\$ 124,749,712
Receivables:			
Accounts	736,117	1,459,914	2,196,031
Taxes	3,038,369	-	3,038,369
Accrued interest	699,777	-	699,777
Prepaid costs	695,842	999	696,841
Due from other governments	3,195,073	-	3,195,073
Due from OPEB Trust Fund	315,517	-	315,517
Inventories	78,082	261,096	339,178
Restricted assets:			
Cash and investments	1,068,946	-	1,068,946
Cash with fiscal agent	223,061	158,229	381,290
Total Current Assets	75,274,818	61,405,916	136,680,734
Net OPEB Asset	3,742,902	224,306	3,967,208
Notes and loans	41,994	-	41,994
Capital assets not being depreciated	44,903,374	5,532,520	50,435,894
Capital assets, net of depreciation	79,816,556	47,707,143	127,523,699
Total Noncurrent Assets	128,504,826	53,463,969	181,968,795
Total Assets	203,779,644	114,869,885	318,649,529
Deferred Outflows of Resources:			
Deferred charge on refunding	402,354	-	402,354
Deferred pension related items	18,258,168	396,184	18,654,352
Deferred OPEB related items	25,283	1,264	26,547
Total Deferred Outflows of Resources	18,685,805	397,448	19,083,253
Liabilities:			
Accounts payable	5,866,691	2,044,529	7,911,220
Accrued liabilities	552,542	210,575	763,117
Accrued payroll	481,256	-	481,256
Payroll liabilities	1,207,584	-	1,207,584
Accrued interest	222,256	158,056	380,312
Unearned revenue	1,049,034	-	1,049,034
Deposits payable	2,298,786	789,533	3,088,319
Long-term liabilities due within one year:			
Long term debt	820,000	665,000	1,485,000
Accrued employee benefits	688,066	21,282	709,348
Accrued workers comp/liability claims and judgments	10,531,036	-	10,531,036
Total Current Liabilities	23,717,251	3,888,975	27,606,226
Noncurrent liabilities:			
Long term liabilities due in more than one year			
Long term debt	12,895,675	8,766,767	21,662,442
Accrued employee benefits	2,236,919	69,188	2,306,107
Accrued workers comp/liability claims and judgments	6,665,286	-	6,665,286
Net pension liability - PERS	73,092,014	1,759,113	74,851,127
Net pension liability - City Plans	253,080	-	253,080
Total Noncurrent Liabilities	95,142,974	10,595,068	105,738,042
Total Liabilities	118,860,225	14,484,043	133,344,268
Deferred Inflows of Resources:			
Deferred pension related items	3,881,621	100,130	3,981,751
Total Deferred Inflows of Resources	3,881,621	100,130	3,981,751
Net Position:			
Net investment in capital assets	111,406,609	43,807,896	155,214,505
Restricted for:			
Public safety	724,355	-	724,355
Public works	44,857	-	44,857
Capital projects	6,235,010	-	6,235,010
Post-employment benefits	1,068,946	-	1,068,946
Business improvement districts	-	571,598	571,598
Unrestricted	(19,756,174)	56,303,666	36,547,492
Total Net Position	\$ 99,723,603	\$ 100,683,160	\$ 200,406,763

CITY OF MANHATTAN BEACH

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 15,887,856	\$ 6,495,480	\$ 665,934	\$ 904,532
Public safety	46,314,516	3,538,806	263,522	-
Culture and recreation	9,922,148	3,757,047	712,461	-
Public works	10,805,410	5,540,348	548,180	3,142,185
Interest on long-term debt	439,858	-	-	-
Total Governmental Activities	83,369,788	19,331,681	2,190,097	4,046,717
Business-Type Activities:				
Water	12,141,933	15,424,972	-	-
Stormwater	1,052,389	350,106	-	-
Wastewater	1,754,562	3,462,973	-	-
Refuse	4,109,233	4,131,074	28,271	-
Parking	2,230,402	3,033,916	4,574	-
County Parking Lot	557,386	815,801	-	-
State Pier and Parking Lot	773,410	589,735	84,988	-
Total Business-Type Activities	22,619,315	27,808,577	117,833	-
Total Primary Government	\$ 105,989,103	\$ 47,140,258	\$ 2,307,930	\$ 4,046,717

General Revenues:

Taxes:

Property taxes, levied for general purpose

Transient occupancy taxes

Sales taxes

Franchise taxes

Business licenses taxes

Real estate transfer taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital asset

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (7,821,910)	\$ -	\$ (7,821,910)
(42,512,188)	-	(42,512,188)
(5,452,640)	-	(5,452,640)
(1,574,697)	-	(1,574,697)
(439,858)	-	(439,858)
(57,801,293)	-	(57,801,293)
-	3,283,039	3,283,039
-	(702,283)	(702,283)
-	1,708,411	1,708,411
-	50,112	50,112
-	808,088	808,088
-	258,415	258,415
-	(98,687)	(98,687)
-	5,307,095	5,307,095
(57,801,293)	5,307,095	(52,494,198)
32,107,341	-	32,107,341
5,140,858	-	5,140,858
9,734,444	-	9,734,444
1,234,752	-	1,234,752
4,053,020	-	4,053,020
1,013,516	-	1,013,516
17,276	-	17,276
5,747,403	2,237,070	7,984,473
3,556	-	3,556
24,387	-	24,387
(1,009,910)	1,009,910	-
58,066,643	3,246,980	61,313,623
265,350	8,554,075	8,819,425
99,458,253	92,129,085	191,587,338
\$ 99,723,603	\$ 100,683,160	\$ 200,406,763

CITY OF MANHATTAN BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	<u>Special Revenue Funds</u>			<u>Capital Projects Fund</u>
	<u>General</u>	<u>Gas Tax</u>	<u>Proposition C</u>	<u>Capital Improvement</u>
Assets:				
Pooled cash and investments	\$ 27,099,945	\$ 2,266,432	\$ 4,218,640	\$ 8,345,963
Receivables:				
Accounts	726,858	-	-	-
Taxes	2,963,009	-	-	75,360
Notes and loans	-	-	-	41,994
Accrued interest	699,777	-	-	-
Prepaid costs	684,023	-	-	-
Due from other governments	922,759	179,620	1,151,426	911,666
Due from OPEB Trust Fund	315,517	-	-	-
Inventories	7,167	-	-	-
Restricted assets:				
Cash and investments	1,068,946	-	-	-
Cash and investments with fiscal agents	90,858	-	-	132,203
Total Assets	\$ 34,578,859	\$ 2,446,052	\$ 5,370,066	\$ 9,507,186
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 2,851,147	\$ 1,428,006	\$ 265,972	\$ 629,814
Accrued payables	67,989	177,290	3,444	246,274
Accrued payroll	481,256	-	-	-
Payroll liabilities	1,207,584	-	-	-
Interest payable	90,775	-	-	131,481
Unearned revenues	1,049,034	-	-	-
Deposits payable	2,297,045	-	-	-
Total Liabilities	8,044,830	1,605,296	269,416	1,007,569
Deferred Inflows of Resources:				
Unavailable revenues	79,433	117,743	1,151,426	901,482
Total Deferred Inflows of Resources	79,433	117,743	1,151,426	901,482
Fund Balances:				
Nonspendable:				
Inventory	7,167	-	-	-
Prepaid costs	684,023	-	-	-
Restricted for:				
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	723,013	3,949,224	-
Post-employment benefits	1,068,946	-	-	-
Committed to:				
Capital projects	-	-	-	7,598,135
Unassigned	24,694,460	-	-	-
Total Fund Balances	26,454,596	723,013	3,949,224	7,598,135
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 34,578,859	\$ 2,446,052	\$ 5,370,066	\$ 9,507,186

CITY OF MANHATTAN BEACH

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Other Governmental Funds	Total Governmental Funds
Assets:		
Pooled cash and investments	\$ 2,748,382	\$ 44,679,362
Receivables:		
Accounts	7,371	734,229
Taxes	-	3,038,369
Notes and loans	-	41,994
Accrued interest	-	699,777
Prepaid costs	6,475	690,498
Due from other governments	29,602	3,195,073
Due from OPEB Trust Fund	-	315,517
Inventories	-	7,167
Restricted assets:		
Cash and investments	-	1,068,946
Cash and investments with fiscal agents	-	223,061
Total Assets	\$ 2,791,830	\$ 54,693,993
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ 390,909	\$ 5,565,848
Accrued payables	49,695	544,692
Accrued payroll	-	481,256
Payroll liabilities	-	1,207,584
Interest payable	-	222,256
Unearned revenues	-	1,049,034
Deposits payable	1,741	2,298,786
Total Liabilities	442,345	11,369,456
Deferred Inflows of Resources:		
Unavailable revenues	17,500	2,267,584
Total Deferred Inflows of Resources	17,500	2,267,584
Fund Balances:		
Nonspendable:		
Inventory	-	7,167
Prepaid costs	-	684,023
Restricted for:		
Public safety	724,355	724,355
Public works	44,857	44,857
Capital projects	1,562,773	6,235,010
Post-employment benefits	-	1,068,946
Committed to:		
Capital projects	-	7,598,135
Unassigned	-	24,694,460
Total Fund Balances	2,331,985	41,056,953
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,791,830	\$ 54,693,993

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CITY OF MANHATTAN BEACH

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Fund balances of governmental funds		\$ 41,056,953
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources		
Capital assets	\$ 178,160,351	
Accumulated depreciation	<u>(58,587,053)</u>	119,573,298
Governmental funds report all OPEB contributions as expenditures, however, in the statement of net position, the excess of the OPEB plan asset over the OPEB actuarial liability is reported as net OPEB asset.		3,517,882
Deferred outflows of resources reported for OPEB for government-wide statements are amortized:		
Differences between expected and actual experiences	11,461	
Net difference between projected and actual earnings	<u>12,420</u>	23,881
For bond refundings, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred charge on refunding in the Statement of Net Position.		402,354
Governmental funds report all pension contributions as expenditures. However, the net pension liability has a measurement date of June 30, 2017, and pension contributions subsequent to the measurement date are reclassified as deferred outflows of resources.		7,527,763
Deferred outflows of resources reported for the pension plan for government-wide statements are amortized:		
Differences between expected and actual experiences	1,156,105	
Changes in assumptions	6,942,400	
Net difference between projected and actual earnings	530,344	
Adjustment due to difference in proportions	1,559,647	
Difference in proportionate share	<u>11,174</u>	10,199,670
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
COPS payable	(13,025,000)	
Compensated Absences	(2,924,985)	
Unamortized bond premiums/discounts	<u>(690,675)</u>	(16,640,660)
Governmental funds report all pension contributions as expenditures, however, in the statement of net position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability.		(71,117,606)
Deferred inflows of resources reported for the pension plan for government-wide statements are amortized:		
Changes in assumptions	(348,950)	
Differences between expected and actual experiences	(1,432,334)	
Adjustment due to difference in proportions	(130,000)	
Difference in proportionate share	<u>(1,845,765)</u>	(3,757,049)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		2,267,584
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.		<u>6,669,533</u>
Net Position of Governmental Activities		<u>\$ 99,723,603</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			Capital Projects Fund
	General	Gas Tax	Proposition C	Capital Improvement
Revenues:				
Taxes and assessments	\$ 52,272,101	\$ -	\$ 590,966	\$ 781,830
Licenses and permits	3,048,263	-	-	36,340
Intergovernmental	355,520	1,618,605	34,152	448,758
Charges for services	12,076,449	-	-	649,026
Use of money and property	5,304,823	129,144	188,350	808
Fines and forfeitures	1,963,412	-	-	88,280
Miscellaneous Revenues	1,112,149	-	-	19,650
Total Revenues	76,132,717	1,747,749	813,468	2,024,692
Expenditures:				
Current:				
General government	15,125,085	-	-	456,138
Public safety	42,632,070	-	-	-
Culture and recreation	8,383,582	-	-	-
Public works	7,190,483	1,408,154	299,247	224,258
Capital outlay:				
General government	65,704	-	-	21,470
Public safety	328,757	-	-	255,020
Culture and recreation	5,497	-	-	1,298,891
Public works	5,999	2,451,409	856,585	2,528,106
Debt service:				
Principal retirement	295,000	-	-	500,000
Interest and fiscal charges	185,975	-	-	270,462
Fees	1,600	-	-	1,800
Total Expenditures	74,219,752	3,859,563	1,155,832	5,556,145
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,912,965	(2,111,814)	(342,364)	(3,531,453)
Other Financing Sources (Uses):				
Transfers in	263,873	-	-	560,100
Transfers out	(2,594,296)	-	-	-
Total Other Financing Sources (Uses)	(2,330,423)	-	-	560,100
Net Change in Fund Balances	(417,458)	(2,111,814)	(342,364)	(2,971,353)
Fund Balances:				
Beginning of Year	\$ 26,872,054	\$ 2,834,827	\$ 4,291,588	\$ 10,569,488
End of Year	\$ 26,454,596	\$ 723,013	\$ 3,949,224	\$ 7,598,135

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Other Governmental Funds	Total Governmental Funds
Revenues:		
Taxes and assessments	\$ 2,336,125	\$ 55,981,022
Licenses and permits	-	3,084,603
Intergovernmental	268,428	2,725,463
Charges for services	17,988	12,743,463
Use of money and property	124,278	5,747,403
Fines and forfeitures	-	2,051,692
Miscellaneous Revenues	530	1,132,329
Total Revenues	2,747,349	83,465,975
Expenditures:		
Current:		
General government	-	15,581,223
Public safety	258,822	42,890,892
Culture and recreation	966,664	9,350,246
Public works	844,148	9,966,290
Capital outlay:		
General government	-	87,174
Public safety	-	583,777
Culture and recreation	-	1,304,388
Public works	1,139,369	6,981,468
Debt service:		
Principal retirement	-	795,000
Interest and fiscal charges	-	456,437
Fees	-	3,400
Total Expenditures	3,209,003	88,000,295
Excess (Deficiency) of Revenues Over (Under) Expenditures	(461,654)	(4,534,320)
Other Financing Sources (Uses):		
Transfers in	180,460	1,004,433
Transfers out	(158,107)	(2,752,403)
Total Other Financing Sources (Uses)	22,353	(1,747,970)
Net Change in Fund Balances	(439,301)	(6,282,290)
Fund Balances:		
Beginning of Year	\$ 2,771,286	\$ 47,339,243
End of Year	\$ 2,331,985	\$ 41,056,953

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CITY OF MANHATTAN BEACH

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Net change in fund balances - total governmental funds \$ (6,282,290)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Cost of assets capitalized	\$ 9,608,705	
Depreciation expense	<u>(3,119,846)</u>	6,488,859

The issuance of long-term debt (e.g. bonds, leases) provides current resources to governmental funds, while the repayment of long term debt principal consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities

Repayment of bond principal:		
Police & Fire Facility 2013 Refunding Certificates of Participation	500,000	
Marine Avenue Park 2016 Refunding Certificates of Participation	295,000	
Amortization of bond premiums - Police Fire Facility bonds refunding	52,158	
Amortization of deferred charges on refunding	<u>(32,188)</u>	814,979

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 376,786

Pension obligation expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (4,518,069)

OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 73,522

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity. 1,154,686

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities. 2,156,877

Change in Net Position of Governmental Activities \$ 265,350

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Assets:			
Current:			
Cash and investments	\$ 40,452,488	\$ 11,864,469	\$ 2,331,042
Receivables:			
Accounts	890,243	242,319	6,058
Prepaid costs	999	-	-
Inventories	261,096	-	-
Restricted:			
Cash with fiscal agent	18,568	9,156	130,505
Total Current Assets	<u>41,623,394</u>	<u>12,115,944</u>	<u>2,467,605</u>
Noncurrent:			
Net OPEB Asset	128,989	34,016	19,340
Capital assets - net of accumulated depreciation	22,167,303	9,396,059	17,587,292
Total Noncurrent Assets	<u>22,296,292</u>	<u>9,430,075</u>	<u>17,606,632</u>
Total Assets	<u>63,919,686</u>	<u>21,546,019</u>	<u>20,074,237</u>
Deferred Outflows of Resources:			
Deferred pension related items	224,271	82,950	22,324
Deferred OPEB related items	692	286	116
Total Deferred Outflows of Resources	<u>224,963</u>	<u>83,236</u>	<u>22,440</u>
Liabilities:			
Current:			
Accounts payable	705,597	98,217	101,543
Accrued payables	1,683	202,430	1,500
Accrued interest	18,568	9,156	130,332
Deposits payable	1,360	-	410
Accrued compensated absences	21,282	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	137,401	67,599	460,000
Total Current Liabilities	<u>885,891</u>	<u>377,402</u>	<u>693,785</u>
Noncurrent:			
Net pension liability	1,007,984	329,908	96,935
Accrued compensated absences	69,188	-	-
Workers' compensation claims	-	-	-
Accrued claims and judgments	-	-	-
Bonds, notes, and capital leases	1,004,681	494,281	7,267,805
Total Noncurrent Liabilities	<u>2,081,853</u>	<u>824,189</u>	<u>7,364,740</u>
Total Liabilities	<u>2,967,744</u>	<u>1,201,591</u>	<u>8,058,525</u>
Deferred Inflows of Resources:			
Deferred pension related items	57,372	19,067	5,171
Total Deferred Inflows of Resources	<u>57,372</u>	<u>19,067</u>	<u>5,171</u>
Net Position:			
Net investment in capital assets	21,025,221	8,834,179	9,859,487
Restricted for business improvement district	-	-	571,598
Unrestricted	40,094,312	11,574,418	1,601,896
Total Net Position	<u>\$ 61,119,533</u>	<u>\$ 20,408,597</u>	<u>\$ 12,032,981</u>

CITY OF MANHATTAN BEACH

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities - Internal Services Funds
	Other Enterprise Funds	Totals	
Assets:			
Current:			
Cash and investments	\$ 4,877,679	\$ 59,525,678	\$ 20,544,672
Receivables:			
Accounts	321,294	1,459,914	1,888
Prepaid costs	-	999	5,344
Inventories	-	261,096	70,915
Restricted:			
Cash with fiscal agent	-	158,229	-
Total Current Assets	<u>5,198,973</u>	<u>61,405,916</u>	<u>20,622,819</u>
Noncurrent:			
Net OPEB Asset	41,961	224,306	225,020
Capital assets - net of accumulated depreciation	4,089,009	53,239,663	5,146,632
Total Noncurrent Assets	<u>4,130,970</u>	<u>53,463,969</u>	<u>5,371,652</u>
Total Assets	<u>9,329,943</u>	<u>114,869,885</u>	<u>25,994,471</u>
Deferred Outflows of Resources:			
Deferred pension related items	66,639	396,184	530,735
Deferred OPEB related items	170	1,264	1,402
Total Deferred Outflows of Resources	<u>66,809</u>	<u>397,448</u>	<u>532,137</u>
Liabilities:			
Current:			
Accounts payable	1,139,172	2,044,529	300,843
Accrued payables	4,962	210,575	7,850
Accrued interest	-	158,056	-
Deposits payable	787,763	789,533	-
Accrued compensated absences	-	21,282	-
Workers' compensation claims	-	-	9,191,172
Accrued claims and judgments	-	-	1,339,864
Bonds, notes, and capital leases	-	665,000	-
Total Current Liabilities	<u>1,931,897</u>	<u>3,888,975</u>	<u>10,839,729</u>
Noncurrent:			
Net pension liability	324,286	1,759,113	2,227,488
Accrued compensated absences	-	69,188	-
Workers' compensation claims	-	-	6,000,891
Accrued claims and judgments	-	-	664,395
Bonds, notes, and capital leases	-	8,766,767	-
Total Noncurrent Liabilities	<u>324,286</u>	<u>10,595,068</u>	<u>8,892,774</u>
Total Liabilities	<u>2,256,183</u>	<u>14,484,043</u>	<u>19,732,503</u>
Deferred Inflows of Resources:			
Deferred pension related items	18,520	100,130	124,572
Total Deferred Inflows of Resources	<u>18,520</u>	<u>100,130</u>	<u>124,572</u>
Net Position:			
Net investment in capital assets	4,089,009	43,807,896	5,146,632
Restricted for business improvement district	-	571,598	-
Unrestricted	3,033,040	56,303,666	1,522,901
Total Net Position	<u>\$ 7,122,049</u>	<u>\$ 100,683,160</u>	<u>\$ 6,669,533</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Operating Revenues:			
Sales and service charges	\$ 15,423,233	\$ 3,453,253	\$ 3,018,947
Interdepartmental charges	-	-	-
Miscellaneous	2,800	9,720	19,543
Total Operating Revenues	<u>15,426,033</u>	<u>3,462,973</u>	<u>3,038,490</u>
Operating Expenses:			
Salaries	721,413	291,587	85,515
Employee benefits	431,894	163,657	78,570
Contract and professional services	6,848,612	23,121	508,087
Materials and services	1,538,109	466,074	534,279
Utilities	273,695	64,353	85,989
Administrative service charges	1,665,005	459,809	392,160
Internal services	-	-	38,856
Leases and rents	-	-	-
Claims expense	-	-	-
Depreciation expense	633,129	271,144	261,306
Total Operating Expenses	<u>12,111,857</u>	<u>1,739,745</u>	<u>1,984,762</u>
Operating Income (Loss)	<u>3,314,176</u>	<u>1,723,228</u>	<u>1,053,728</u>
Nonoperating Revenues (Expenses):			
Interest revenue	1,574,118	451,788	71,319
Interest expense	(30,076)	(14,817)	(245,640)
Grant revenue	-	-	-
Gain (loss) on disposal of capital assets	-	-	-
Total Nonoperating Revenues (Expenses)	<u>1,544,042</u>	<u>436,971</u>	<u>(174,321)</u>
Income (Loss) Before Transfers	4,858,218	2,160,199	879,407
Transfers in	-	-	-
Transfers out	-	-	-
Changes in Net Position	4,858,218	2,160,199	879,407
Net Position:			
Beginning of Fiscal Year	<u>56,261,315</u>	<u>18,248,398</u>	<u>11,153,574</u>
End of Fiscal Year	<u>\$ 61,119,533</u>	<u>\$ 20,408,597</u>	<u>\$ 12,032,981</u>

CITY OF MANHATTAN BEACH

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental
	Other Enterprise Funds	Totals	Activities- Internal Service Funds
Operating Revenues:			
Sales and service charges	\$ 5,880,667	\$ 27,776,100	\$ -
Interdepartmental charges	-	-	13,596,360
Miscellaneous	91,037	123,100	271,547
Total Operating Revenues	5,971,704	27,899,200	13,867,907
Operating Expenses:			
Salaries	182,964	1,281,479	1,944,541
Employee benefits	91,768	765,889	841,114
Contract and professional services	4,451,389	11,831,209	1,427,894
Materials and services	618,037	3,156,499	2,109,060
Utilities	70,317	494,354	102,917
Administrative service charges	477,756	2,994,730	-
Internal services	-	38,856	-
Leases and rents	448,690	448,690	-
Claims expense	-	-	5,100,797
Depreciation expense	151,497	1,317,076	947,154
Total Operating Expenses	6,492,418	22,328,782	12,473,477
Operating Income (Loss)	(520,714)	5,570,418	1,394,430
Nonoperating Revenues (Expenses):			
Interest revenue	138,784	2,236,009	-
Interest expense	-	(290,533)	-
Grant revenue	28,271	28,271	-
Gain (loss) on disposal of capital assets	-	-	24,387
Total Nonoperating Revenues (Expenses)	167,055	1,973,747	24,387
Income (Loss) Before Transfers	(353,659)	7,544,165	1,418,817
Transfers in	1,273,783	1,273,783	758,406
Transfers out	(263,873)	(263,873)	(20,346)
Changes in Net Position	656,251	8,554,075	2,156,877
Net Position:			
Beginning of Fiscal Year	6,465,798	92,129,085	4,512,656
End of Fiscal Year	\$ 7,122,049	\$ 100,683,160	\$ 6,669,533

CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019

Business-Type Activities - Enterprise Funds

	<u>Water</u>	<u>Wastewater</u>	<u>Parking</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 15,417,119	\$ 3,460,810	\$ 3,039,054
Cash received from interfund service provided	-	-	-
Cash paid to suppliers for goods and services	(11,049,350)	(1,207,515)	(1,551,999)
Cash paid to employees for services	(1,221,844)	(270,115)	(155,775)
Net Cash Provided (Used) by Operating Activities	<u>3,145,925</u>	<u>1,983,180</u>	<u>1,331,280</u>
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	-	-	-
Cash transfers in	-	-	-
Grant subsidy	-	-	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(451,235)	(812,196)	-
Principal paid on capital debt	(130,698)	(64,302)	(440,000)
Interest paid on capital debt	(42,394)	(20,855)	(278,264)
Cash from sale of property	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(624,327)</u>	<u>(897,353)</u>	<u>(718,264)</u>
Cash Flows from Investing Activities:			
Interest received	1,574,118	451,788	71,319
Net Cash Provided (Used) by Investing Activities	<u>1,574,118</u>	<u>451,788</u>	<u>71,319</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>4,095,716</u>	<u>1,537,615</u>	<u>684,335</u>
Cash and Cash Equivalents at Beginning of Year	36,375,340	10,336,010	1,777,212
Cash and Cash Equivalents at End of Year	<u>\$ 40,471,056</u>	<u>\$ 11,873,625</u>	<u>\$ 2,461,547</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 3,314,176	\$ 1,723,228	\$ 1,053,728
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	633,129	271,144	261,306
(Increase) decrease in accounts receivable	(8,864)	(2,163)	534
(Increase) decrease in prepaid expense	(999)	-	-
(Increase) decrease in inventory	(58,929)	-	-
Increase (decrease) in net OPEB asset	(1,439)	(594)	(242)
Increase (decrease) in accounts payable	(664,001)	(194,158)	7,372
Increase (decrease) in accrued payables	(158,393)	175,496	1,500
Increase (decrease) in deposits payable	(50)	-	30
Increase (decrease) in net pension liability	(10,171)	5,586	(4,369)
Increase (decrease) in deferred pension related items	75,615	4,927	11,537
Increase (decrease) in deferred OPEB related items	(692)	(286)	(116)
Increase (decrease) in workers' compensation claims	-	-	-
Increase (decrease) in claims and judgments	-	-	-
Increase (decrease) in compensated absences	26,543	-	-
Total Adjustments	<u>(168,251)</u>	<u>259,952</u>	<u>277,552</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,145,925</u>	<u>\$ 1,983,180</u>	<u>\$ 1,331,280</u>
Non-Cash Investing, Capital, and Financing Activities:			
Bond premium amortization	\$ 9,689	\$ 4,766	\$ 23,825

CITY OF MANHATTAN BEACH

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds		Governmental Activities- Internal Service Funds
	Other Enterprise Funds	Totals	
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 5,976,066	\$ 27,893,049	\$ 269,659
Cash received from interfund service provided	-	-	13,596,360
Cash paid to suppliers for goods and services	(6,184,076)	(19,992,940)	(8,573,719)
Cash paid to employees for services	(323,148)	(1,970,882)	(2,665,699)
Net Cash Provided (Used) by Operating Activities	(531,158)	5,929,227	2,626,601
Cash Flows from Non-Capital Financing Activities:			
Cash transfers out	(263,873)	(263,873)	(20,346)
Cash transfers in	1,273,783	1,273,783	758,406
Grant subsidy	28,271	28,271	-
Net Cash Provided (Used) by Non-Capital Financing Activities	1,038,181	1,038,181	738,060
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	-	(1,263,431)	(1,414,100)
Principal paid on capital debt	-	(635,000)	-
Interest paid on capital debt	-	(341,513)	-
Cash from sale of property	-	-	47,588
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(2,239,944)	(1,366,512)
Cash Flows from Investing Activities:			
Interest received	138,784	2,236,009	-
Net Cash Provided (Used) by Investing Activities	138,784	2,236,009	-
Net Increase (Decrease) in Cash and Cash Equivalents	645,807	6,963,473	1,998,149
Cash and Cash Equivalents at Beginning of Year	4,231,872	52,720,434	18,546,523
Cash and Cash Equivalents at End of Year	\$ 4,877,679	\$ 59,683,907	\$ 20,544,672
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (520,714)	\$ 5,570,418	\$ 1,394,430
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	151,497	1,317,076	947,154
(Increase) decrease in accounts receivable	654	(9,839)	(1,888)
(Increase) decrease in prepaid expense	-	(999)	11,241
(Increase) decrease in inventory	-	(58,929)	(3,186)
Increase (decrease) in net OPEB asset	(353)	(2,628)	13,521
Increase (decrease) in accounts payable	(117,887)	(968,674)	64,791
Increase (decrease) in accrued payables	(74,170)	(55,567)	4,379
Increase (decrease) in deposits payable	3,708	3,688	-
Increase (decrease) in net pension liability	4,736	(4,218)	(34,185)
Increase (decrease) in deferred pension related items	21,541	113,620	154,076
Increase (decrease) in deferred OPEB related items	(170)	(1,264)	(1,128)
Increase (decrease) in workers' compensation claims	-	-	213,772
Increase (decrease) in claims and judgments	-	-	(136,376)
Increase (decrease) in compensated absences	-	26,543	-
Total Adjustments	(10,444)	358,809	1,232,171
Net Cash Provided (Used) by Operating Activities	\$ (531,158)	\$ 5,929,227	\$ 2,626,601
Non-Cash Investing, Capital, and Financing Activities:			
Bond premium amortization	\$ -	\$ 38,280	\$ -

CITY OF MANHATTAN BEACH

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2019

	<u>Agency Funds</u>	<u>Pension Trust Fund</u>
Assets:		
Pooled cash and investments	\$ 2,940,491	\$ 150,738
Receivables:		
Accounts	22,231	-
Restricted assets:		
Cash and investments with fiscal agents	<u>523,916</u>	<u>-</u>
Total Assets	<u>\$ 3,486,638</u>	<u>150,738</u>
Liabilities:		
Accounts payable	\$ 475	-
Art development fees	1,975,954	-
Deposits payable	16,693	-
Due to bond holders	<u>1,493,516</u>	<u>-</u>
Total Liabilities	<u>\$ 3,486,638</u>	<u>-</u>
Net Position:		
Restricted for pensions		<u>150,738</u>
Total Net Position		<u>\$ 150,738</u>

CITY OF MANHATTAN BEACH

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2019

	<u>Pension Trust Fund</u>
Additions:	
OPEB reimbursement	\$ 170,390
Contribution from City	100,000
Interest and change in fair value of investments	<u>5,713</u>
Total Additions	<u>276,103</u>
Deductions:	
Benefit payments	<u>243,209</u>
Total Deductions	<u>243,209</u>
Changes in Net Position	32,894
Net Position - Beginning of the Year	<u>117,844</u>
Net Position - End of the Year	<u><u>\$ 150,738</u></u>

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Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Manhattan Beach, California (the City), was incorporated on December 12, 1912, under the laws of the State of California and enjoys all the rights and privileges applicable to a general law city. It is governed by an elected five-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Manhattan Beach (the primary government) and its component unit, the Manhattan Beach Capital Improvements Corporation. The component unit is included in the reporting entity because of the significance of its operational or financial relationships with the City of Manhattan Beach. It is governed by the City Council of the City of Manhattan Beach and its activities exclusively benefit the City, therefore it is presented as a blended component unit. Separate financial statements are not prepared for the Manhattan Beach Capital Improvements Corporation.

Blended Component Unit

Manhattan Beach Capital Improvements Corporation - The Manhattan Beach Capital Improvements Corporation (the Corporation) is a nonprofit public benefits corporation, organized under the laws of the State of California in September 1996, pursuant to the Nonprofit Public Benefit Corporation Laws (Title I, Division 2, Part 2, Section 5110). The sole purpose of the Corporation is to issue debt for capital improvements. Certificates of participation are debt issued by the Corporation providing the holder an interest, i.e. the right to participate in the lease payments paid by the City to the Corporation. In September of 1996, this entity issued \$4,615,000 of debt in the form of Certificates of Participation (the "1996 Certificates") to fund specific projects related to the City's water and wastewater infrastructure. This debt is accounted for in the proprietary fund types within the Water and Wastewater Funds. In April of 2002, this entity issued \$9,535,000 of debt to pay the cost of refinancing existing ground lease commitments with the Beach Cities' Health District for the newly constructed Marine Avenue Sports Fields. This debt was structured as a variable rate demand Certificate of Participation. In January 2003, this entity issued \$13,350,000 of fixed rate Certificates of Participation (the "2003 Certificates") for the construction of a two-level downtown subterranean parking structure and outdoor plaza. This endeavor is commonly known as the Metlox Public Improvement project. The parking lot portion of the project was completed in January 2004, and the public plaza portion of the project was completed in November 2005. In November 2004, this entity issued fixed rate Certificates of Participation (the "2004 Certificates") in the amount of \$12,980,000 to contribute toward the full funding of the construction of a new Police and Fire facility and adjoining City Hall plaza. This major project was completed in December 2007. Capital construction costs for the project were \$38,404,048. In July 2012, the entity issued \$12,975,000 of Certificates of Participation, Series 2012 (the "2012 Certificates"), to refund the outstanding balance of the 1996 Certificates of Participation and the outstanding balance of the 2003 Certificates of Participation. In February 2013, the entity issued \$10,510,000 of Certificates of Participation, Series 2013 (the "2013 Certificates"), to refund the outstanding balance of the 2004 Certificates of Participation. In November 2017, the entity issued \$5,905,000 Certificates of Participation (Marine field Refunding) Series 2017 to refund the Variable Rate Demand Refunding Certificates of Participation (Marine Sports Field Capital Lease Refinancing) Series 2002. There are no separately issued financial statements for this entity.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

b. Accounting and Reporting Policies

The City adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which established accounting and financial reporting standards for financial statements of state and local governments.

c. Description of Funds

The accounts of the City are organized and operated on the basis of funds, each of which is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein. These funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

In accordance with the City's municipal code and budget, several different types of funds are used to record the City's financial transactions. For financial reporting purposes, such funds have been categorized and are presented as follows:

Governmental Fund Types

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than for major capital projects) that are restricted by law or administrative action to expenditures for specified purposes.

Capital Projects Funds - to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds. In recent years, the Underground Assessment District Fund was added to this category.

Proprietary Fund Types

Enterprise Funds - to account for operations where it is the stated intent that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where determination of net income is deemed appropriate.

Internal Service Funds - to account for insurance reserve, information systems, building maintenance and operations and fleet management services provided to the departments of the City on a continuing basis, which are financed or recovered primarily by charges to the user departments.

Fiduciary Fund Types

Pension Trust Funds - to account for resources that are required to be held in trust for the members and beneficiaries of supplemental retirement plans, single highest year plans, and post retirement health plans for firefighters and for police.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Agency Funds:

- Special Assessment Redemption Fund - to account for special assessment collections for debt service for the underground assessment bonds that the City remits to the fiscal agent.
- Special Deposits Fund - to account for utility development deposits, art development fees and other miscellaneous items.

d. Basis of Accounting/Measurement Funds

Government-Wide Financial Statements

The City government-wide financial statements include a Statement of Net Position and Statement of Activities and Changes in Net Position. These statements present summaries of Governmental Activities for the City. Interfund services provided and used are not eliminated in the process of consolidation. Fiduciary activities of the City are not included in these statements.

These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets, deferred inflows and outflows of resources, and liabilities, including capital assets and infrastructure as well as long-term debt are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which the benefit is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function. Grants and contributions include revenues restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Government-wide financial statements do not provide information by fund; they simply distinguish between governmental and business activities. The City’s Statement of Net Position includes current and noncurrent assets and liabilities, as well as deferred inflows and outflows of resources.

Financial Statement Classification

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in capital assets

This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of capital assets reduce this category.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Restricted Net Position

This category presents restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City, not restricted for any project or other purpose.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenue, Expenditures and Change in Fund Balances for all major governmental funds and aggregated nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the qualifications of GASB Statement No. 34.

All governmental funds are accounted for by using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the governmental fund balance sheet. Related operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental funds as the basis for recognizing revenues. Under the modified accrual basis of accounting, revenues are susceptible to accrual and consequently recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be readily determined, and "available" means that the transaction amount is collectible within the current period or soon thereafter (generally 60 days after year-end) to be used to pay liabilities of the current period. Revenues considered susceptible to accrual include property taxes and sales taxes collected after year-end, earned and uncollected investment interest income, uncollected rents and leases and unbilled service receivables. Revenues from such items as license and permit fees, fines and forfeitures and general service charges are not susceptible to accrual because they are generally not measurable until received in cash.

The government reports unearned revenue on its balance sheet for grant monies received before the City has a legal claim to them, such as grant funds received prior to incurring qualified expenses. In subsequent periods, the unearned revenue is removed once revenue recognition criteria are met and the City has established legal claim to the resources.

Governmental fund expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when they are due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Proprietary Funds Financial Statements

Proprietary funds financial statements include a Statement of Fund Net Position, Statement of Revenues, Expenses and Change in Fund Net Position, and Statement of Cash Flows. All proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. With this measurement focus, all assets, deferred outflows/inflows of resources and liabilities (current and long-term) resulting from the operations of these funds are included in the Statement of Net Position. Accordingly, the proprietary fund Statement of Net Position presents assets, deferred inflows/outflows of resources and liabilities classified into their respective current and long-term categories.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for services. Operating expenses include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

There is no look-back adjustment on the statement of fund net position and the statement of revenues, expenses and changes in fund net position for the enterprise funds' participation in the internal services funds because these transactions are paid in cash, therefore there is no internal balance related to what can be considered a quasi-external transaction.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Fiduciary Net Position and a Statement of Change in Fiduciary Net Position. The fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support City programs. Since these assets are being held for the benefit of a third party, these funds are not incorporated into the government-wide statements. The pension trust funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. The agency funds have no measurement focus.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Major Funds

Governmental Accounting Standards Board Statement 34 (GASB 34) requires the City to report all major funds in the basic financial statements. In accordance with GASB 34, the following funds are classified as major governmental funds:

The General Fund is used to account for all unrestricted resources except those required to be accounted for in another fund. This fund accounts for general citywide operations.

The Gas Tax Fund is used to account for the City's share of the state and county gasoline tax collection in accordance with the provisions of the State of California Streets and Highway Code. Revenues are disbursed by the state based on population and must be used toward the maintenance and repair of City streets that serve as state and county thoroughfares.

Proposition C Fund is used to account for proceeds from the half-cent sales taxes generated by the approval of Proposition C by Los Angeles County voters. These funds, which are administered by the Los Angeles County Metropolitan Transportation Authority (MTA), are distributed based on population and must be used for transportation-related projects.

The Capital Improvement Capital Projects Fund accounts for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise, Internal Service Funds or other project specific funds.

The following funds are classified as major proprietary funds:

Water Fund is used to account for the operation of the City's water utility system. Revenues are generated from user fees, which are adjusted periodically to meet the costs of administration, operation, maintenance and capital improvements to the system. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater systems.

Wastewater Fund is used to account for the maintenance and improvements of the City's sewer system. Revenues are derived from a user charge placed on the water bills. In fiscal year 1997, the City completed a comprehensive utility fee study and issued certificates of participation for the purpose of upgrading the City's water and wastewater system.

Parking Fund is used to account for the general operations and maintenance of City parking lots and spaces. Revenues are generated from the use of these properties.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

e. Property Tax Calculator

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means due or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of Los Angeles collects property taxes for the City. Tax liens attach annually as of 12:01 AM on the first day in January prior to the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, by December 10 and April 10, respectively. Unsecured personal property taxes become due on March 1 each year and are delinquent, if unpaid, on August 31.

f. Cash and Investments

Cash and Cash Equivalents

For purpose of the Statement of Cash Flows, the City considers cash and cash equivalents as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds in its 125 medical flex plan; outstanding Water and Wastewater; Marine Avenue Sports Field; and Metlox, Police & Fire Facility bonded debt, which are held by outside trustees.

Investments

Investments are shown at fair value, in accordance with GASB Statement No. 31. Fair value is based upon quoted market prices.

For purposes of the Statement of Cash Flows, the proprietary fund types consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool.

g. Restricted Cash and Investments

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Additionally, the City established the PARS Post-Employment Benefits Trust as a tax-exempt trust within the meaning of Section 115 of the IRS Code and relevant statutory provisions of the State of California for the purpose of pre-funding pension obligation and/or OPEB obligation. The City's adoption and operation of the Trust has no effect on any of the current or former employee's entitlement to post-employment benefits. The balances and activities of the Trust are irrevocably dedicated to funding future post-employment benefit obligations. The assets will benefit the City through reduced future cash flow demands on the City's General fund resources and continue to be assets of the City. These amounts are reflected as restricted cash and investments in the General fund.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

h. Capital Assets

Capital assets, which include land, machinery and equipment, buildings and improvements, intangibles, and infrastructure (roads, bridges, curbs and gutters, streets, walk-streets and sidewalks, parks and recreation improvements), are reported in the government-wide financial statements. Capital assets and infrastructure are defined by the City as assets with an initial, individual cost of more than \$5,000 and \$100,000 respectively (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are reported net of accumulated depreciation on the Statement of Net Position. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets as follows:

Asset	Years
Equipment	5 - 20
Vehicles	3 - 20
Buildings/Improvements	40 - 100
Water and Sewer Systems	30 - 50
Other Infrastructure	15 - 100

Major outlays for capital assets and improvements are capitalized as projects are constructed.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports deferred outflows of resources for pension contributions made after the actuarial measurement date which will be recognized in the following year, for the net difference between projected and actual earnings on pension plan investments, the difference between expected and actual experience, the changes of assumptions, adjustments due to the difference in proportions, and the difference in proportionate share. The government also reports deferred outflows for deferred charges on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Financial Position and the Governmental Fund Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. The item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grant

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

revenues. These amounts are deferred and recognized as an inflow of resources in the period when the amounts become available. In addition, the government has deferred inflows of resources relating to the net pension obligation reported in the government-wide statement of net position and the proprietary funds. These deferred inflows of resources are the result of changes in assumptions, differences between expected and actual experiences, adjustments due to the difference in proportions and difference in proportionate share.

j. Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the pension plan administered under the California Public Employee's Retirement System (CalPERS), the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

k. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date:	June 30, 2017
Measurement Date:	June 30, 2018
Measurement Period:	July 1, 2017 to June 30, 2018

l. Interfund Transfers

As a general rule, interfund transactions have been eliminated from the government-wide financial statements. Exceptions to this rule are payments in lieu or charges for current service between the City's enterprise activity and the City's governmental funds. Elimination of these transactions would distort the direct costs and program revenues for the various functions. Certain eliminations have been made regarding interfund activities,

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental, business-type, and Trust and Agency activities have not been eliminated.

m. Long-Term Obligations

In the government-wide and proprietary funds financial statements, long-term obligations are recorded as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the debt using the bonds outstanding method.

In the governmental fund financial statements, long-term obligation, bond discounts and premiums are recognized as other financing sources or uses when incurred. Issuance costs are recorded as a current year expenditure.

The City has recorded all judgment and claim liabilities resulting from workers' compensation and liability insurance claims in the Insurance Reserve Fund, which is a component of the Internal Service Funds Group. The recorded liability is based upon an estimate of reported claims as provided by an analysis of a third-party administrator. Reported short-term and long-term estimated losses and reserves of \$10,531,036 and \$6,665,286 respectively, are recorded in the Insurance Reserve Fund.

Only the short-term liability is reflected as a current liability in all applicable governmental fund types; the remainder of the liability is reported as long-term debt in the Statement of Net Position.

n. Vacation and Sick Leave

The City's policy is to record the cost of vested vacation and sick leave as it is earned. Vacation is payable to employees at the time a vacation is taken or upon termination of employment. At termination, employees are eligible to convert 50% of unused sick time to service credit; however, sworn fire safety personnel, upon service retirement, may opt to cash out 50% of the value of unused sick leave.

Miscellaneous and sworn police employees may accrue compensated time off in lieu of payment for overtime hours. Overtime hours are banked at either time-and-a-half or straight-time hours depending upon the nature of the overtime worked. The dollar value of these hours is included as an employee benefits liability as shown in the balance sheet.

o. Allocation of Interest Income

The City pools all non-restricted cash for investment purchases and allocates interest income based on month-end cash balances. Interest earned by restricted Cash is posted to their respective accounts.

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

p. Other Accounting Policies

Inventories

Inventories of materials and supplies are carried at cost on a weighted-average basis. The City uses the consumption method of accounting for inventories.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

q. Estimates

The accompanying financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

r. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

s. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

t. Fund Balance Policy

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing council (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 2: Stewardship, Compliance and Accountability

a. Excess of Expenditures Over Appropriations

Excess expenditures over appropriations were as follows:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
AB 2766	\$ 160,207	\$ 151,567	\$ 8,640
Underground Assessment District	197,474	-	197,474

b. Deficit Fund Balance and Net Position

At June 30, 2019, the Insurance Reserve Fund and the Building Maintenance and Operations Fund have deficit net position of \$2,006,073 and \$327,069 respectively. These deficits will be resolved by future contributions from other funds.

Note 3: Cash and Investments

As of June 30, 2019, cash and investments were reported in the accompanying financial statements as follows:

Governmental Funds	\$ 45,971,369
Internal Service	20,544,672
Business-type activities	59,683,907
Agency	3,464,407
Pension Trust	<u>150,738</u>
Total Cash and Investments	<u>\$ 129,815,093</u>

Note 3: Cash and Investments (Continued)

The City pools all cash and investments that is available for use for all funds, including fiduciary funds. Unrestricted and restricted cash and investments, as indicated in the Government wide statement of net position, do not include Agency and Pension Trust cash and investments. These cash amounts are included in the Statement of Fiduciary Net Position – Fiduciary Funds. Each fund type's position in the pool is reported on the Combined Balance Sheet as cash and investments. The City has adopted an investment policy, which authorizes it to invest in various investments.

a. Deposits

At June 30, 2019, the carrying amount of the City's deposits was \$4,149,382 and the bank balance was \$5,353,675. The \$1,204,293 difference represents outstanding checks and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City's Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking.

The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency.

Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the City.

b. Authorized Investments

Under provisions of the City's Investment Policy, and in accordance with Section 53601 of the California Government Code, the City may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan associations
- Negotiable Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool) Demand Deposits
- Passbook Savings Account Demand Deposits
- Federally Insured Thrift and Loan
- Repurchase Agreements
- Medium-Term Corporate Notes
- Floaters or step-ups with market driven interest rate adjustments
- Mutual Funds of highest ratings

Note 3: Cash and Investments (Continued)

The City's investment policy does not allow the use of reverse-repurchase agreements and, accordingly, the City did not borrow through the use of reverse-repurchase agreements at any time during the year.

c. Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Entity's investment policy.

d. Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

The City is required to disclose its methods and assumptions used to estimate the fair value of its holdings in LAIF. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its holdings in LAIF. The City had a contractual withdrawal value of \$33,200,000 whose pro-rata share of fair value was estimated by the State Treasurer to be \$33,256,831.

e. GASB Statement No. 31

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Entity reports its investments at fair value in the balance sheet.

All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Methods and assumptions used to estimate fair value. The City maintains investment accounting records and adjusts those records to "fair value" on an annual basis for material amounts. The City's investment custodian provides market values on each investment instrument on a monthly basis for material amounts. The investments held by the City are widely traded in the financial markets and trading values are readily available from numerous published sources. Material unrealized gains and losses are recorded on an annual basis and the carrying value of its investments is considered fair value. For the year ended June 30, 2019, the book value exceeded the fair value of investments by \$875,771.

Note 3: Cash and Investments (Continued)

f. Credit Risk

The City's investment policy limits investments in medium-term notes (MTN's) to those rated in the top three rating categories by two of the three largest nationally recognized rating services at time of purchase. As of June 30, 2019, the City's investment in medium-term notes consisted of investments with General Electric Capital Corp., Microsoft Corp., JP Morgan Chase Bank, Costco Wholesale Corp., Exxon Mobil Corp., Johnson & Johnson, Procter & Gamble Co., Pfizer Inc, Unilever Cap Corp, Berkshire Hathaway Inc., Coca Cola Co., United Parcel Service, Costco Wholesale Corp., Apple Inc., Oracle Corp, Toyota Motor Credit Corp., and National Australia Bank. All MTN's were rated "A" or higher by Moody's at time of purchase. Investment in government agencies issued by the Federal National Mortgage Association, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Banks, and Student Loan Marketing Association were rated "Aaa" by Moody's and "AA+" by Standard & Poor's. Asset-Backed Securities were rated "Aaa" by Moody's and "AAA" by Standard & Poor's.

All securities were investment grade and were legal under state and city policies. Investments in U.S. government securities are not considered to have credit risk; therefore, their credit quality is not disclosed. As of June 30, 2019, the City's investments in external investment pools and money market mutual funds are unrated.

g. Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk.

As of June 30, 2019, none of the City's deposits or investments was exposed to custodial credit risk.

h. Concentration of Credit Risk

The City's investment policy imposes restrictions for certain types of investments with any one issuer for the following types of investments. With respect to concentration of credit risk, as of June 30, 2019, the City is in compliance with its investment policy's restrictions.

In accordance with GASB Statement No. 40, if the city has invested more than 5% of its total investments in any one issuer then it is exposed to credit risk. The following issuers are above the 5% of total investments: Federal Home Loan Bank (10.41%), Federal Farm Credit (10.55%), Federal Home Loan Mortgage Corporation (10.41%), and Federal National Mortgage Association (8.76%). These government-sponsored investments are backed by the federal government and are below the City's investment policy limit of 33.33% of total investments.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 3: Cash and Investments (Continued)

i. Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment policy states that no investment can mature more than five years from the date of purchase in line with state code requirements. The only exception to these maturity limits shall be the investment of the gross proceeds of tax-exempt bonds. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

j. Fair Value Measurement and Application

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Debt securities classified in Level 2 of the fair value hierarchy use a market approach to measure fair value. The City's pricing vendor, through rules based logic, utilizes valuation techniques that reflect market participants' assumptions and vary by asset class and per methodology, and maximizes the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

The City has the following recurring fair value measurements as of June 30, 2019:

Investment Type	Total	Uncategorized	Fair Value Level		
			1	2	3
Local Agency Investment Fund (LAIF)	\$ 33,256,831	\$ 33,256,831	\$ -	\$ -	\$ -
US Treasury and Agency Notes	70,161,370	-	-	70,161,370	-
Medium-Term Corporate Notes	19,583,585	-	-	19,583,585	-
Total Investments	\$ 123,001,786	\$ 33,256,831	\$ -	\$ 89,744,955	\$ -

As of June 30, 2019, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	More than 3 years	
Pooled investments:					
Local Government Fund	\$ 33,256,831	\$ -	\$ -	\$ -	\$ 33,256,831
US Treasury and agency notes	7,989,080	4,992,520	30,885,100	26,294,670	70,161,370
Medium-term notes	4,997,170	998,310	8,524,935	5,063,170	19,583,585
	<u>\$ 46,243,081</u>	<u>\$ 5,990,830</u>	<u>\$ 39,410,035</u>	<u>\$ 31,357,840</u>	<u>123,001,786</u>
Investment with Fiscal Agents:					
PARS pension					1,068,946
Utility undergrounding					523,916
Water/Wastewater, Metlox Refunding bonds					158,229
Marine certificates of participation					90,858
Police & Fire certificate of participation refunding bonds					132,203
					<u>1,974,152</u>
Demand deposits					4,149,382
Other deposits					688,321
Petty cash					1,452
					<u>4,839,155</u>
					<u>\$ 129,815,093</u>

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 4: Interfund Transactions

Interfund Transfers

With City Council approval, resources may be transferred from one fund to another. Transfers between individual funds during the fiscal year ended June 30, 2019, are presented below:

	Transfers In					Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Nonmajor Proprietary Funds	Internal Service Funds	
<u>Transfers Out</u>						
General Fund	\$ -	\$ 560,100	\$ 160,114	\$ 1,273,783	\$ 600,299	\$ 2,594,296
Capital Improvement Fund	-	-	-	-	-	-
Nonmajor Governmental Funds	-	-	-	-	158,107	158,107
Nonmajor Proprietary Funds	263,873	-	-	-	-	263,873
Internal Service Funds	-	-	20,346	-	-	20,346
Total	<u>\$ 263,873</u>	<u>\$ 560,100</u>	<u>\$ 180,460</u>	<u>\$ 1,273,783</u>	<u>\$ 758,406</u>	<u>\$ 3,036,622</u>

The interfund transfers scheduled above resulted from a variety of City initiatives including the following:

- The General Fund transferred \$560,100 to the Capital Improvement Fund for Fire Station 2 Design and Wayfinding Signs.
- The General Fund transferred \$160,114 to the Street Lighting Fund and Proposition A Fund to relieve a deficit fund balance.
- The General Fund transferred \$1,273,783 to the Stormwater Fund to relieve a deficit fund balance.
- The General Fund transferred \$600,299 to the Information System Internal Service Fund for an ERP implementation.
- The AB 2766 transferred \$158,107 to the Fleet Management Fund to reimburse for vehicle purchase.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 5: Capital Assets and Depreciation

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded. The following table presents the capital assets activity for the year ended June 30, 2019:

	Ending Balance June 30, 2018	Transfers	Increases additions	Decreases (deletions)	Ending Balance June 30, 2019
Governmental Activities					
Land	\$ 33,634,565	\$ -	\$ -	\$ -	\$ 33,634,565
Construction-in-progress					
Buildings	-	(300,646)	577,135	-	276,489
Streets / Roadways	6,383,186	(1,705,087)	5,780,959	-	10,459,058
Recreation	533,262	-	-	-	533,262
Total Capital Assets, Not Being Depreciated	40,551,013	(2,005,733)	6,358,094	-	44,903,374
Buildings and structures	43,458,144	300,646	-	-	43,758,790
Machinery and equipment	4,321,386	-	405,957	-	4,727,343
Vehicles	11,795,452	-	1,414,100	(882,547)	12,327,005
Infrastructure					
Streets / Roadways	56,189,749	1,705,087	893,862	-	58,788,698
Parks & Recreation	21,027,931	-	1,298,891	-	22,326,822
Investment in Joint Venture (RCC)	3,003,423	-	651,901	-	3,655,324
Total Capital Assets, Being Depreciated	139,796,085	2,005,733	4,664,711	(882,547)	145,583,982
Less Accumulated Depreciation:					
Buildings and Structures	(12,104,659)	-	(857,134)	-	(12,961,793)
Machinery and Equipment	(3,316,282)	-	(366,788)	-	(3,683,070)
Vehicles	(7,092,565)	-	(947,154)	859,346	(7,180,373)
Infrastructure					
Streets / Roadways	(32,326,226)	-	(1,343,391)	-	(33,669,617)
Parks & Recreation	(6,593,479)	-	(396,148)	-	(6,989,627)
Investment in Joint Venture (RCC)	(1,126,561)	-	(156,385)	-	(1,282,946)
Total Accumulated Depreciation	(62,559,772)	-	(4,067,000)	859,346	(65,767,426)
Total Capital Assets, Being Depreciated, Net	77,236,313	2,005,733	597,711	(23,201)	79,816,556
Governmental Activities Capital Assets, Net	\$ 117,787,326	\$ -	\$ 6,955,805	\$ (23,201)	\$ 124,719,930

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 5: Capital Assets and Depreciation (Continued)

	Ending Balance June 30, 2018	Transfers	Increases additions	Decreases (deletions)	Ending Balance June 30, 2019
Business-Type Activities:					
Capital assets, not being depreciated:					
Land - water	\$ 307,967	\$ -	\$ -	\$ -	\$ 307,967
Land - storm water	857,650	-	-	-	857,650
Land - parking	1,441,817	-	-	-	1,441,817
Construction-in-progress	2,473,922	(812,267)	1,263,431	-	2,925,086
Total Capital Assets, Not Being Depreciated	5,081,356	(812,267)	1,263,431	-	5,532,520
Capital assets, being depreciated:					
Buildings and structures - parking	18,163,159	-	-	-	18,163,159
Machinery and equipment - parking	1,726,962	-	-	-	1,726,962
Water	33,684,112	685,132	-	-	34,369,244
Storm water	7,703,407	127,135	-	-	7,830,542
Wastewater	14,815,159	-	-	-	14,815,159
Total Capital Assets, Being Depreciated	76,092,799	812,267	-	-	76,905,066
Less Accumulated Depreciation:					
Buildings and structures - parking	(2,492,232)	-	(169,209)	-	(2,661,441)
Machinery and equipment - parking	(991,110)	-	(92,097)	-	(1,083,207)
Water	(13,343,110)	-	(633,129)	-	(13,976,239)
Storm water	(4,320,549)	-	(151,494)	-	(4,472,043)
Wastewater	(6,733,846)	-	(271,147)	-	(7,004,993)
Total Accumulated Depreciation	(27,880,847)	-	(1,317,076)	-	(29,197,923)
Total Capital Assets, Being Depreciated, Net	48,211,952	812,267	(1,317,076)	-	47,707,143
Business-Type Activities Capital Assets, Net	\$ 53,293,308	\$ -	\$ (53,645)	\$ -	\$ 53,239,663

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 247,276
Public safety	1,103,133
Public works	1,409,831
Parks and recreation	359,606
Internal service funds	947,154
Total Depreciation Expense - Governmental Activities	\$ 4,067,000
Business-Type Activities:	
Water	\$ 633,129
Wastewater	271,144
Parking	261,306
Storm water	151,497
Total Depreciation Expense - Business-Type Activities	\$ 1,317,076

CITY OF MANHATTAN BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

Note 6: Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Governmental Activities:					
Certificates of participation					
Marine Ave Park refunding COP Series 2016	\$ 5,640,000	\$ -	\$ 295,000	\$ 5,345,000	\$ 305,000
2013 Police and Fire Refunding COP	8,180,000	-	500,000	7,680,000	515,000
Total Governmental	<u>\$ 13,820,000</u>	<u>\$ -</u>	<u>\$ 795,000</u>	13,025,000	<u>\$ 820,000</u>
Unamortized premium				690,675	
				<u>\$ 13,715,675</u>	
Business-Type Activities:					
Certificates of participation					
2012 Metlox and Water/Wastewater Refunding COP	\$ 9,675,000	\$ -	\$ 635,000	\$ 9,040,000	\$ 665,000
Total Business Type	<u>\$ 9,675,000</u>	<u>\$ -</u>	<u>\$ 635,000</u>	9,040,000	<u>\$ 665,000</u>
Unamortized premium				391,767	
				<u>\$ 9,431,767</u>	

a. Marine Avenue Certificates of Participation Series 2017

On November 9, 2017, the City issued \$5,905,000 Certificate of Participation Series 2017 (Marine Field Refunding) Series 2017 to refund the outstanding balance of the Variable Rate Demand Refunding Certificates of Participation Series 2002. The Certificates represents the proportionate interest on the lease payments to be made by the City as rent for the use of certain real property located in the City and consisting of the police department and fire department headquarter facility. The Certificates bear interest at a rate of 3% to 4% with principal ranging from \$265,000 to 465,000 and maturing on January 2033. The balance at June 30, 2019, includes an unamortized bond premium of \$361,170 which will be amortized over the life of the issue.

Annual debt service requirements to maturity for the Marine Avenue Certificates of Participation Series 2017 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 305,000	\$ 181,550	\$ 486,550
2021	310,000	172,400	482,400
2022	320,000	163,100	483,100
2023	335,000	150,300	485,300
2024	345,000	136,900	481,900
2025-2029	1,940,000	470,150	2,410,150
2030-2033	1,790,000	136,050	1,926,050
Total	<u>\$ 5,345,000</u>	<u>\$ 1,410,450</u>	<u>\$ 6,755,450</u>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2017 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6: Long-Term Debt (Continued)

b. 2013 Police and Fire Facility Refunding Certificates of Participation

In February 2013, the City issued \$10,510,000 of Certificates of Participation, Series 2013, to advance refund the 2004 Police and Fire Certificates of Participation (2004 COP). The payments under the lease agreement are due January and July of each year until maturity in January 2032 and include interest rates ranging from 2% to 4%. The proceeds were used to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The balance at June 30, 2019, includes an unamortized bond premium of \$329,505 which will be amortized over the life of the issue.

The reacquisition price exceeded the net carrying amount of the old debt by \$595,473. This amount is being deferred as an outflow of resources and amortized over the remaining life of the refunded debt. The outstanding balance at June 30, 2019 is \$402,345.

Annual debts service requirements to maturity for the 2013 Police and Fire Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 515,000	\$ 262,963	\$ 777,963
2021	530,000	247,513	777,513
2022	545,000	231,613	776,613
2023	560,000	215,263	775,263
2024	575,000	198,463	773,463
2025-2029	3,240,000	633,819	3,873,819
2030-2032	1,715,000	99,000	1,814,000
Total	<u>\$ 7,680,000</u>	<u>\$ 1,888,634</u>	<u>\$ 9,568,634</u>

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2013 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

c. 2012 Metlox and Water/Wastewater Refunding Certificates of Participation

In July 2012, the City of Manhattan Beach issued \$12,975,000 of fixed rate Certificates of Participation (COP) to refund the City's 2003 Metlox Public Improvements Certificates of Participation and the 1996 Water and Wastewater Improvement Project Certificates of Participation. The payments under the lease agreement are due January and July of each year with interest rates ranging from 2% to 4% and mature through January 2032. The COP includes an unamortized premium of \$391,767 at June 30, 2019, which will be amortized over the life of the issue.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 6: Long-Term Debt (Continued)

Annual debt service requirements to maturity for the Metlox, Water and Wastewater Certificates of Participation are as follows:

Fiscal Year Ending June 30,	Water			Wastewater		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 137,401	\$ 37,165	\$ 174,566	\$ 67,599	\$ 18,285	\$ 85,884
2021	140,752	33,043	173,795	69,248	16,257	85,505
2022	147,454	28,821	176,275	72,546	14,179	86,725
2023	154,157	24,397	178,554	75,843	12,003	87,846
2024	157,508	18,230	175,738	77,492	8,970	86,462
2025-2027	341,826	17,158	358,984	168,174	8,442	176,616
Total	\$ 1,079,098	\$ 158,814	\$ 1,237,912	\$ 530,902	\$ 78,136	\$ 609,038

Fiscal Year Ending June 30,	Metlox			Total		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 460,000	\$ 260,663	\$ 720,663	\$ 665,000	\$ 316,113	\$ 981,113
2021	470,000	246,863	716,863	680,000	296,163	976,163
2022	490,000	232,763	722,763	710,000	275,763	985,763
2023	500,000	218,063	718,063	730,000	254,463	984,463
2024	530,000	198,063	728,063	765,000	225,263	990,263
2025-2029	2,950,000	688,313	3,638,313	3,460,000	713,913	4,173,913
2030-2032	2,030,000	147,100	2,177,100	2,030,000	147,100	2,177,100
Total	\$ 7,430,000	\$ 1,991,828	\$ 9,421,828	\$ 9,040,000	\$ 2,228,778	\$ 11,268,778

In the event of a default, there is no remedy of acceleration of the total lease payments due over the term of the lease agreement and the trustee is not empower to sell the leased premises and use the proceeds of such a sale to redeem the 2012 certificates or pay debt service thereon. The city will be liable only for lease payments on an annual basis, and the trustee will be required to seek a separate judgment each year for the year's defaulted lease payments.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 7: Compensated Absences

At June 30, 2019, the total citywide accrued liability for compensated absences amounted to \$3,015,455. \$2,924,985 relates to general government services and \$90,470 to business-type activities. The governmental activities liability is generally liquidated by the General Fund and the business-type activities liabilities are liquidated by the corresponding proprietary funds. The following is a summary of changes in compensated absences liabilities for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due in One Year
Governmental Activities:					
Compensated Absences	3,301,771	1,971,480	2,348,266	2,924,985	688,066
Business-Type Activities:					
Compensated Absences	63,927	99,175	72,632	90,470	21,282
Total Business Type	<u>\$ 3,365,698</u>	<u>\$ 2,070,655</u>	<u>\$ 2,420,898</u>	<u>\$ 3,015,455</u>	<u>\$ 709,348</u>

Note 8: Non-City Obligation

In August 2004, the City issued three separate limited obligation improvement bonds totaling \$3,402,891, under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 04-1, 04-3 and 04-5. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof.

In August 2006, the City issued two separate limited obligation improvement bonds totaling \$9,207,823, under provisions of the Improvement Bond Act of 1915, for Underground Assessment Districts 05-2 and 05-6, in the amounts of \$4,525,000 and \$4,628,823, respectively. These bonds were issued for the purpose of financing the construction of certain public improvements within the underground utility assessment districts. The bonds are secured solely by the subject properties and the amounts held in respective reserve and bond funds. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof.

In March 2019, the City refunded the outstanding bonds of the above Underground Districts. The amount refunded was \$6,245,000. The sources of the refunding were bond proceeds of \$4,995,000, balance in the capital improvement fund, current year assessments, and net reduction in bond reserve requirements. There will be future interest rate savings to the property owners. Coupons at set at a uniform annual rate of 3.00%. Including bond premium of \$187,000, the effective interest rate will be 2.15%. These bonds mature in September 2026.

The refunding bonds have the same characteristics of the refunded bonds as stated in first two paragraphs above. The bonds are secured solely by assessments against the subject properties and the amounts held in the reserve account. The bonds are not secured by the general taxing power of the City of Manhattan Beach and the City has not pledged credit for payment thereof. Because these bonds are not City obligations, the related liabilities are not reflected in the financial statements.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans

	Miscellaneous Plan	Safety - Police Plan	Safety - Fire Plan	Total
Nep pension liability	\$ (22,961,121)	\$ (35,493,923)	\$ (16,396,083)	\$ (74,851,127)
Deferred pension outflows	5,246,284	8,785,901	4,622,167	18,654,352
Deferred pension intflows	(1,292,922)	(1,705,432)	(983,397)	(3,981,751)

a. Miscellaneous Employee Pension Plan

Plan Description

The Miscellaneous Plan of the City of Manhattan Beach is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in their respective June 30, 2018 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous Plan	
	Tier I *	PEPRA
Hire date	Prior to or on December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 52 yrs
Monthly benefits, as a % of eligible compensation	1.426% - 2.418% 50 yrs - 63+ yrs, respectively	1.000% - 2.500%, 52 yrs - 67+ yrs, respectively
Required employee contribution rates	7.000%	6.25% (2)
Required employer contribution rates (1)	8.504%	8.504%

* Closed to new entrants

(1) Blended rate.

(2) Blended rate. Miscellaneous employees contribute and additional 0.75% to the city

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans (Continued)

At June 30, 2018, the following employees were covered by the benefit terms of the plan:

Description	Number of Participants
	Miscellaneous Plan
Active members	256
Transferred members	122
Terminated members	459
Retired members and beneficiaries	237
Total	1,074

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2019, the employer contributions recognized as a reduction to the net pension liability for the Miscellaneous Plan was \$2,241,242.

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Miscellaneous Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Note 9: CalPERS Retirement Plans (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2017 valuation was rolled forward to determine the June 30, 2018 total pension liability, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 9: CalPERS Retirement Plans (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class (1)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (2)</u>	<u>Real Return Years 11+ (3)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.0% used for this period.

(3) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans (Continued)

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2017 (Valuation Date)	\$ 103,220,341	\$ 79,788,882	\$ 23,431,459
Changes Recognized for the Measurement Period:			
Service Cost	2,639,954	-	2,639,954
Interest on the Total Pension Liability	7,282,132	-	7,282,132
Changes of Assumptions	(577,483)	-	(577,483)
Difference between Expected and Actual Experience	11,137	-	11,137
Net Plan to Plan Resource Movement		(198)	198
Contribution from the Employer		2,257,840	(2,257,840)
Contributions from Employees		1,194,936	(1,194,936)
Net Investment Income		6,733,944	(6,733,944)
Benefit Payments including Refunds of Employee Contributions	(4,251,920)	(4,251,920)	-
Administrative Expense		(124,333)	124,333
Other Miscellaneous Income/(Expense) (1)		(236,111)	236,111
Net Changes During 2017/19	5,103,820	5,574,158	(470,338)
Balance at: 6/30/2018 (Measurement Date)	\$ 108,324,161	\$ 85,363,040	\$ 22,961,121

(1) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Plan's Net Pension Liability/(Assets)	\$ 37,957,227	\$ 22,961,121	\$ 10,616,566

Note 9: CalPERS Retirement Plans (Continued)

Pension Plan Fiduciary Net Position

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and OPEB expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves. Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2017), the net pension liability was \$23,431,459. For the measurement period ending June 30, 2018 (the measurement date), the City incurred a pension expense/(income) of \$4,078,795 for the Plan.

Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2019, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City pension contributions subsequent to measurement date	\$ 2,659,903	\$ -
CalPERS deferrals		
Changes of assumptions	2,345,304	(417,071)
Difference between expected and actual experience	8,043	(875,851)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	233,034	-
Total CalPERS deferrals	2,586,381	(1,292,922)
Total	\$ 5,246,284	\$ (1,292,922)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans (Continued)

\$2,659,903 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Net Deferred Outflows/(Inflows) of Resources
2020	\$ 1,980,294
2021	421,615
2022	(892,268)
2023	(216,182)
	\$ 1,293,459

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period

The EARSL for the Plan for the measurement period ending June 30, 2018 is 3.6 years, which was obtained by dividing the total service years of 2,618 (the sum of remaining service lifetimes of the active employees) by 736 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

Note 9: CalPERS Retirement Plans (Continued)

b. Safety Police Pension Plan and Safety Fire Pension Plan

Plan Description

All qualified permanent and probationary safety employees are eligible to participate in the Safety Risk Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a safety risk pool, which are comprised of individual employer safety rate plans, respectively. Individual employers may sponsor more than one safety rate plan. Each individual employer rate plan generally has less than 100 active members

Benefits Provided

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2017 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at <https://www.calpers.ca.gov/page/forms-publications>.

Below is a summary of the plan provisions and benefits in effect at June 30, 2019, for which the City of Manhattan Beach has contracted:

	Safety Police Plan		Safety Fire Plan	
	Tier I *	PEPRA	Tier I *	PEPRA
Hire date	Prior to or on December 31,2012	On or after January 1, 2013	Prior to or on December 31,2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.0% @ 57	3.0% @ 55	2.0% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs	minimum 50 yrs
Monthly benefits, as a % of eligible compensation	3.000%, 50+ yrs	1.426% - 2.000%, respectively 50 yrs - 57+ yrs,	2.400% - 3.000%, respectively 50 yrs - 55+ yrs,	1.426% - 2.000%, respectively 50 yrs - 57+ yrs,
Required employee contribution rates	9.000% (1)	12.750%	9.000% (1)	12.750%
Required employer contribution rates	22.346%	12.965%	20.416%	12.965% (4)
Management safety				
Employee	9.000%	12.750% (4)	9.000%	12.750%
Employer	22.346%	12.965%	20.416%	12.965%

* Closed to new entrants

(1) Not including 3% cost share, which would increase rate to 12%.

(2) Not including cost share, which will lower rate to 17.416%.

(3) Not including cost share, which will lower rate to 19.346%.

(4) PEPRA contributes an additional 0.1075% to City to realize 50% cost sharing.

Benefit payments are calculated using the benefit formula above multiplied by the number of years of service and highest single year of compensation for Tier 1 or highest three year average of compensation for PEPRA.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans (Continued)

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms of the Plan:

Description	Number of members			
	Safety Police Plan		Safety Fire Plan	
	Classic	PEPRA	Classic	PEPRA
Active members	48	14	29	1
Transferred members	14	3	4	-
Terminated members	45	-	20	-
Retired members and beneficiaries	115	-	43	-
Total	222	17	96	1

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the employer contributions recognized as a reduction to the net pension liability was \$3,375,269 for the Safety Police Plan and \$1,696,373 for the Safety Fire Plan for a total of \$5,071,642 for the safety plans.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

The City of Manhattan Beach reported net a pension liability at June 30, 2019 of \$35,493,923 for its proportionate shares of the Safety Police Plan and \$16,396,083 for its proportionate shares of the Safety Fire Plan for a total of \$51,890,006 for the safety plans.

The City's net pension liability for the safety plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 9: CalPERS Retirement Plans (Continued)

The City's proportionate share of the net pension liability for the safety plan as of June 30, 2017 and 2018, was as follows:

	<u>Safety Police Plan</u>	<u>Safety Fire Plan</u>
Proportion - June 30, 2017	0.586484%	0.267118%
Proportion - June 30, 2018	0.604919%	0.279436%
Changes - Increase (Decrease)	0.018435%	0.012318%

For the year ended June 30, 2019, the City recognized pension expense of \$5,907,220 and \$2,515,288 for the Safety Police Plan and the Safety Fire Plan respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Safety - Police</u>		<u>Safety - Fire</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City pension contribution subsequent to measurement date	\$ 3,375,269	\$ -	\$ 1,696,373	\$ -
CalPERS Deferrals:				
Difference between expected and actual experience	769,253	(2,918)	381,058	(1,446)
Change in Assumptions	3,512,748	(473,932)	1,740,081	(234,768)
Net difference between projected and actual earnings on pension plan investments	242,393	-	120,072	-
Adjustment due to difference in proportions	875,064	(75,685)	684,583	(54,315)
Difference in proportionate share	11,174	(1,152,897)	-	(692,868)
Total CalPERS Deferrals	<u>5,410,632</u>	<u>(1,705,432)</u>	<u>2,925,794</u>	<u>(983,397)</u>
Total	<u>\$ 8,785,901</u>	<u>\$ (1,705,432)</u>	<u>\$ 4,622,167</u>	<u>\$ (983,397)</u>

\$3,375,269 and \$1,696,373 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	<u>Net Deferred Outflows/ (Inflows) of Resources</u>	
	<u>Safety Police Plan</u>	<u>Safety Fire Plan</u>
2020	\$ 3,148,359	\$ 1,567,350
2021	1,775,999	918,680
2022	(971,180)	(420,794)
2023	<u>(247,978)</u>	<u>(122,839)</u>
	<u>\$ 3,705,200</u>	<u>\$ 1,942,397</u>

Note 9: CalPERS Retirement Plans (Continued)

Actuarial Methods and Assumptions

The collective total pension liability for the June 30, 2018 measurement period was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. The collective total pension liability was based on the following assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, .2.5% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes of Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Note 9: CalPERS Retirement Plans (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as followed:

<u>Asset Class (1)</u>	<u>Assume Asset Allocation</u>	<u>Real Return Years 1 - 10 (2)</u>	<u>Real Return Years 11+ (3)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.0% used for this period.

(3) An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Note 9: CalPERS Retirement Plans (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.15 percent) or 1% point higher (8.15 percent) than the current rate:

PERS Cost Sharing Plans	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Safety police	\$ 54,044,276	\$ 35,493,923	\$ 20,295,229
Safety Fire	25,585,221	16,396,083	8,867,230

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Note 10: City Retirement Plans

	Supplemental Retirement Plan	Single Highest Year Plan	Total
Net pension liability	\$ (79,418)	\$ (173,662)	\$ (253,080)

a. Supplemental Retirement Plan

General Information about the Pension Plan

Plan Description

The Supplemental Retirement Plan is a single employer defined benefit pension plan that covers Police, Fire and Management/Confidential employees who retired prior to January 1995. This plan is currently dormant and does not issue a separate annual financial report. The plan information is presented as a fiduciary fund in the City's financial statements in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*.

Benefits Provided

The plan provides the employee the difference between the benefit provided by the California Public Employees Retirement System (PERS) calculated under the life annuity option and the PERS benefit had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The plan states, "The City shall pay each retiring officer, sergeant, lieutenant, firefighter and management employee upon retirement, a monthly amount which would make up the difference for that option of which the officer will receive from PERS under Government Code Section 21330 through 21335 and what only the officer would have received while alive had the City adopted the Police Officers' Standards and Training (POST) widows and orphans salary continuation plan. The payment shall be made to the officer only while the officer is alive and will cease upon death. Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual's retirement allowance." The benefit is payable for the life of the employee. The benefit is subject to a 2% annual cost-of-living increase. This plan is currently dormant.

Note 10: City Retirement Plans (Continued)

Employees Covered

Employees covered includes sworn law enforcement officers, fire and management/confidential employees who retired prior to January 1995. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2019, was as follows:

Retirees and beneficiaries receiving benefits	
Management/Confidential	<u><u>5</u></u>

Net Pension Liability

The net pension liability for the plan is measured as the total pension liability as of June 30, 2019 using an annual actuarial valuation as of June 30, 2019 less the pension plan's fiduciary net position.

Total pension liability	\$ 111,762
Plan fiduciary net position	<u>32,344</u>
Net pension liability	<u><u>\$ 79,418</u></u>
Plan fiduciary net position as a percentage of the total pension liability	28.94%

Actuarial Assumptions

A summary of principal assumptions and methods used to determine the pension liability is shown below.

Valuation Date	June 30, 2019
Pre-retirement mortality rates	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation Rate	2.75% per year
Discount rate	3.50 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of January 1995. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

Change of Assumptions

In 2019, the accounting discount rate decreased from 4.12 percent to 3.50 percent.

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10: City Retirement Plans (Continued)

Method Used to Value Investments

The City of Manhattan Beach Supplemental Retirement Plan (the Supplemental Plan) investments are reported at fair market value.

Investment Policy

The Supplemental Plan's policy in regard to the allocation and types of invested assets is established and may be amended by the City of Manhattan Beach's City Council. It is the policy of City Council to pursue an investment strategy that reduces risk. As of June 30, 2019, City Council has approved to have 100% of the Supplemental Plan's assets allocated to cash and cash equivalents.

Change in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: 6/30/2018	\$ 109,239	\$ 25,672	\$ 83,567
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	4,045	-	4,045
Difference between Expected and Actual Experience	18,576	-	18,576
Changes of Assumptions	2,027	-	2,027
Contribution from the Employer	-	27,773	(27,773)
Net Investment Income	-	1,024	(1,024)
Benefit Payments including Refunds of Employee Contributions	(22,125)	(22,125)	-
Net Changes During 2018-19	<u>2,523</u>	<u>6,672</u>	<u>(4,149)</u>
Balance at: 6/30/2019	<u>\$ 111,762</u>	<u>\$ 32,344</u>	<u>\$ 79,418</u>

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 3.50%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current rate:

	1% Lower (2.50%)	Current Discount Rate (3.50%)	1% Higher (4.50%)
Net pension liability	\$ 82,230	\$ 79,418	\$ 76,808

Pension Plan Fiduciary Net Position

The Supplemental Retirement Plan fiduciary net position is combined with the City's Single Highest Year Pan fiduciary net position as fiduciary fund in the City's annual financial report with further detail included in the required supplementary information section of the report.

Note 10: City Retirement Plans (Continued)

Pension Expense

Net pension expense for fiscal year 2018-19 was \$23,624 and the General Fund contributed \$27,773 to the plan. The change in net pension liability (\$4,149) plus contribution equals pension expense.

b. Single Highest Year Plan

General Information about the Pension Plan

Plan Description

The Single Highest Year Plan is a single employer defined benefit pension plan of the City. This plan was adopted effective January 1, 1990, covering Management/Confidential Employees and Non-management/Confidential Sworn Police Employees on July 1, 1990, and is for employees who retired prior to May 1993. The plan is known as the City Funded Single Highest Year Plan. This plan is currently dormant and does not issue a separate annual financial report. The plan information is presented as a fiduciary fund in the City's financial statements in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*.

Benefits Provided

The plan pays a retiring employee the difference between the pension payable from PERS and what the PERS pension would be if it were based on the single highest year only. "The payment shall be made to the member only while the member is alive and will cease upon death." Upon retirement, the right to their payment shall be regarded as a vested pension benefit to the same extent as the individual's PERS retirement. Benefits vest after five years of service. Retirees must qualify for PERS retirement to qualify for the Single Highest Year Plan. The benefit is payable for the life of the employee and is subject to a 2% annual cost of living increase.

Employees Covered

Employees covered include sworn law enforcement officers, fire, management or confidential and miscellaneous employees who retired prior to May 1993. Therefore, the plan is dormant. The number of participants covered under the plan as of June 30, 2019, was as follows:

Retirees receiving benefits:	
Management Confidential	3
Police	3
	<u>6</u>

Note 10: City Retirement Plans (Continued)

Net Pension Liability

The net pension liability for the plan is measured as the total pension liability as of June 30, 2019 using an annual actuarial valuation as of June 30, 2019 less the pension plan's fiduciary net position.

Total pension liability	\$ 292,056
Plan fiduciary net position	118,394
Net pension liability	<u>\$ 173,662</u>
Plan fiduciary net position as a percentage of the total pension liability	40.54%

Actuarial Assumptions

A summary of principal assumptions and methods used to determine the pension liability is shown below.

Valuation Date	June 30, 2019
Pre-retirement mortality rates	2014 CalPERS Retiree Mortality for Miscellaneous Employees
Asset valuation method	Fair Market Value
Inflation rate	2.75% per year
Discount rate	3.50 % based on the Bond Buyer 20 Bond Index

The City incurred the accrued liabilities of active participants under the City's PERS plan as of May 1993. The City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

Change of Assumptions

In 2019, the accounting discount rate decreased from 4.12 percent to 3.50 percent.

Discount Rate

The discount rate used to measure the total pension liability was 3.50%. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of plan members. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Method Used to Value Investments

The City of Manhattan Beach Single Highest Year Plan (the Highest Year Plan) investments are reported at fair market value.

Investment Policy

The Highest Year Plan's policy in regard to the allocation and types of invested assets is established and may be amended by the City of Manhattan Beach's City Council. It is the policy of City Council to pursue an investment strategy that reduces risk. As of June 30, 2019, City Council has approved to have 100% of the Supplemental Plan's assets allocated to cash and cash equivalents.

Note 10: City Retirement Plans (Continued)

Change in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Assets) (c)=(a)-(b)
Balance at: June 30, 2018	\$ 284,083	\$ 92,172	\$ 191,911
Changes Recognized for the Measurement Period:			
Interest on the Total Pension Liability	10,663	-	10,663
Difference between Expected and Actual Experience	41,951	-	41,951
Changes of Assumptions	6,053	-	6,053
Contribution from the Employer	-	72,227	(72,227)
Net Investment Income	-	4,689	(4,689)
Benefit Payments including Refunds of Employee Contributions	(50,694)	(50,694)	-
Net Changes During 2018-19	7,973	26,222	(18,249)
Balance at: June 30, 2019	\$ 292,056	\$ 118,394	\$ 173,662

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 3.50%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current rate:

	1% Lower (2.50%)	Current Discount Rate (3.50%)	1% Higher (4.50%)
Net pension liability	\$ 179,811	\$ 173,662	\$ 167,954

Pension Plan Fiduciary Net Position

The Single Highest Year Pan fiduciary net position is combined with the City's Supplemental Retirement Plan fiduciary net position as fiduciary fund in the City's annual financial report with further detail included in the required supplementary information section of the report.

Pension Expense

Net pension expense for fiscal year 2018-19 was \$53,975 and the General Fund contributed \$72,227 to the plan. The change in the net pension liability (\$18,252) plus plan contribution equals pension expense .

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 10: City Retirement Plans (Continued)

c. Payable to the Pension Plan

For the Supplemental Retirement Plan and the Single Highest Year Plan, the City's remaining obligation is to fund the benefits for those participants who were then and are currently retired.

Note 11: Other Post-Retirement Benefits

Plan Description - City of Manhattan Beach Retiree Medical Program

The City Retiree Medical Program is a Single Employer Plan that provides a fixed stipend to qualifying retirees and a contribution to all retirees enrolled in PERS medical plan. The City of Manhattan Beach contracts with PERS to participate in the Public Employee Medical and Hospital Care Act (PEMHCA). Under this contract, both active employees and retirees are provided access to health insurance.

Benefits provided

The following is a description of the current retiree benefit plan under the employee Memoranda of Understanding (MOU):

	<u>Firefighters</u>	<u>General Employees</u>	<u>Non-sworn Management</u>	<u>Police Officers</u>
Benefit types provided	Contribution of HRA	Contribution of HRA	Contribution of HRA	Contribution of HRA
Duration of benefits	To age 65	To age 65	To age 65	To age 65
Required service	20 years	15 years	15 years	20 years in law enforcement ***
Minimum age	50	50	50	50
Dependent coverage	n/a *	n/a *	n/a *	n/a *
Contribution	\$400 per month **	\$250 per month **	\$400 per month for Department Heads \$250 per month for others	\$400 per month **

* Contribution to HRA does not vary by dependent content

** \$300 per month for firefighters retiring prior to August 1, 2008. \$300 for police hired before December 31, 2007.

*** 10 years with the City

Employees Covered

As of the June 30, 2018 actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Inactive employees currently receiving benefits payment	97
Participating active employees	<u>269</u>
Total	<u><u>366</u></u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 11: Post-Employment Benefit Plan (Continued)

Contributions

The plan is financed via actuarially determined contributions deposited into a trust fund managed by PERS. PERS has dual independent capacities as a provider of medical plans and as a trustee. In its capacity as a trustee, PERS will be referred to as CERBT (California Employees' Retirement Benefit Trust). City payments to employees and PERS will be reimbursed by payments from CERBT. For fiscal year 2018, the City paid \$290,331 for retiree medical benefits and was reimbursed \$290,331 from CERBT.

For fiscal year ending June 30, 2019, retiree medical benefit resulted in an increase to the net OPEB asset of \$55,181.

Net OPEB Asset

The City's net OPEB asset was measured as of June 30, 2018 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the June 30, 2018 total OPEB liability, based on the following actuarial methods and assumptions:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	6.5% per year net of expenses
Inflation	2.75% per year
Salary Increase	2.75% per year
Healthcare Trend	4.00% per year
Mortality	No mortality tables used
Retirement Rates	Police: Hired prior to 1/1/13: 2009 CalPERS 3.0%@50 Rates for Sworn Police Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Police adjusted to reflect 2.0% at 52 Firefighters: Hired prior to 1/1/13: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters adjusted to reflect 2.0% at 52 Miscellaneous: Hired prior to 1/1/13: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired > 12/31/12: 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Police: 100% at 5 Years of Service for statutory minimum benefits 100% at 10 Years of Service with City (20 years in law enforcement) Firefighters: 100% at 5 Years of Service for statutory minimum benefits 100% at 20 Years of Service with City General Employees 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City Management 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 11: Post-Employment Benefit Plan (Continued)

Expected Long-Term Rate of Return

Asset Class Component	Percentage of Portfolio	Assumed Gross Return
US Large Cap	40%	7.795%
US Small Cap	10%	7.795%
Long-term Corporate Bonds	18%	5.295%
Long-term Government Bonds	6%	4.500%
Treasury Inflation Protected Securities (TIPS)	15%	7.950%
US Real Estate	8%	7.950%
All Commodities	3%	7.950%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50 percent per year net of expenses. This is based on assumed long-term return on plan assets assuming 100% funding through CERBT.

Changes in the Net OPEB Asset

The changes in the net OPEB asset for the Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2017	\$ 6,044,260	\$ 9,956,287	\$ (3,912,027)
Changes recognized for the measurement period:			
Service cost	157,705	-	157,705
Interest	389,029	-	389,029
Net investment income	-	637,587	(637,587)
Investment gains/(loss)	-	(17,259)	17,259
Benefit payments	(290,331)	(290,331)	-
Other minus expected benefits payments	14,222	14,222	-
Administrative expenses	-	(18,413)	18,413
Net changes	270,625	325,806	(55,181)
Balance at June 30, 2018	\$ 6,314,885	\$ 10,282,093	\$ (3,967,208)

No contribution was made. Therefore, expense equals change in net asset \$(55,181).

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB assets of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB Liability	\$ (3,207,438)	\$ (3,967,208)	\$ (4,601,009)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 11: Post-Employment Benefit Plan (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB asset of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	\$ (4,498,223)	\$ (3,967,208)	\$ (3,330,767)

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that includes financial statements and required supplementary information.

OPEB Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,740	\$ -
Net difference between projected and actual earnings on OPEB plan investments	13,807	-
Total	\$ 26,547	\$ -

The \$26,547 reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year ended June 30:	Deferred Outflows/(Inflows) of Resources
2020	\$ 6,636
2021	6,636
2022	6,636
2023	6,639

Note 12: Retirement Plan for Part-Time, Seasonal and Temporary Employees

On June 6, 1997, the City dissolved the City-administered retirement plan for part-time, seasonal and temporary employees and selected the Public Agency Retirement System (PARS) as the retirement program for this group.

The PARS plan is a defined contribution pension plan, which is administered by PARS. Benefits and funding requirements are determined by PARS' governing board. All members' earnings are subject to contribution from the employee and the employer. Historically, the contribution rate for both employee and employer has been 3.75% of payroll. In April 2011, the City exercised its option not to pick up 50% share of the required 7.50%. Consequently, for fiscal year ending June 30, 2019, 100% of contribution is derived from employee deduction.

Total payroll for employees covered by this plan for the year was \$1,419,640. The amount of employee contribution was \$106,074.

Note 13: Risk Management

The City is exposed to various risks of losses related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City adopted a self-insured workers' compensation program that is administered by City staff and a claims administrator.

The City is a member of the CSAC-Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for California 95% of counties, 68% of California cities, as well as numerous California educational organizations, special districts, housing authorities, fire districts, and other Joint Powers Authorities. The City pays an annual premium to the pool for its excess insurance coverage including property (earthquake, flood and all risk), workers' compensation and general liability. The City also purchased separate dedicated earthquake limits for the public safety facility and other key structures.

For workers' compensation, the City is self-insured for the first \$750,000 on each claim with excess coverage up to statutory limits. For general liability, the City is self-insured for the first \$500,000 on each claim with excess coverage up to a limit of \$25,000,000.

The City is insured for property losses with a deductible of \$10,000 for all-risk (fire and theft) and earthquake loss with a deductible of 2% or minimum \$100,000, whichever is greater.

Claims expenditures and liabilities (general and worker's compensation) are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. This liability is the City's best estimate based on available information.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 13: Risk Management (Continued)

Reserves for open claims have been established in accordance with an analysis performed by a third-party claims' administrator. In addition, reserves for incurred but not reported claims have been estimated based on historical trend. Total reserves for both workers' compensation and general liability at June 30, 2019 are as follows:

	Estimated Claims Value at Fiscal Year End	Additional Reserves for Incurred But Not Report Claims	Total Claims Reserve
Workers' Compensation Claims	\$ 9,191,172	\$ 6,000,891	\$ 15,192,063
General Liability Claims	1,339,864	664,395	2,004,259
	<u>\$ 10,531,036</u>	<u>\$ 6,665,286</u>	<u>\$ 17,196,322</u>

The following is a summary of the changes in the claim liability over the past two fiscal years.

Year	Liability Beginning of Year	Current Year Claims and Increases in Estimates	Payments and Decreases In Estimates	Liability End of Year
2018	\$ 13,864,621	\$ 7,125,364	\$ (3,871,059)	\$ 17,118,926
2019	17,118,926	4,086,741	(4,009,345)	17,196,322

During the past three fiscal (claims) years, none of the above programs has had settlements or judgments that exceed pooled or insured coverage. There have been no significant reductions in pooled or insured coverages from coverage in the prior year.

The Excess Insurance Authority (EIA) has published its own comprehensive annual financial report for the year ended June 30, 2018, which can be obtained at the following link:

<https://www.csac-eia.org/resources/eia-documents/financial-information/comprehensive-annual-financial-report-cafr/cafr-fy-ended-06-30-17/>

Note 15: Joint Ventures and Jointly Governed Organizations

a. Joint Venture

South Bay Regional Public Communications Authority

The City is a member of the South Bay Regional Public Communications Authority (SBRPCA), a joint powers authority of the cities of Manhattan Beach, Gardena and Hawthorne. SBRPCA was formed October 14, 1975, for the purpose of financing a public safety communications system for the member cities. The Governing Board is composed of an elected official of each member city. An executive committee is composed of the city managers of each member city. The City's participation percentage at June 30, 2018, was 22.7%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019

Note 15: Joint Ventures and Jointly Governed Organizations (Continued)

Summarized audited financial information for SBRPCA at June 30, 2018*, is presented below:

<u>Statement of Net Position</u>	
Assets	
Current assets	\$ 5,916,916
Noncurrent assets	10,454,687
Total Assets	<u>16,371,603</u>
Deferred Outflows of Resources	<u>2,575,190</u>
Liabilities	
Current liabilities	1,488,518
Noncurrent liabilities	9,903,837
Total Liabilities	<u>11,392,355</u>
Deferred Inflows of Resources	<u>895,691</u>
Net Position	<u>\$ 6,658,747</u>
 <u>Statement of Activities</u>	
Operating Revenues	\$ 12,743,300
Operating Expenses	<u>12,262,734</u>
Operating income before depreciation	<u>480,566</u>
Depreciation	<u>(689,166)</u>
Operating income/loss	<u>(208,600)</u>
Non-operating revenues (expenses):	
Interest earnings	<u>3,575,566</u>
Non operating revenues (expenses)	<u>3,575,566</u>
Change in net position	3,366,966
Net Position - June 30, 2017 as restated	<u>3,291,781</u>
Net Position - June 30, 2018	<u>\$ 6,658,747</u>

*Most current information available. SBRPCA has issued its own separate financial statements, which are available at 4440 W. Broadway, Hawthorne, California 90250.

b. Jointly Governed OrganizationLos Angeles Interagency Metropolitan Police Apprehension Crime Task Force

The City of Manhattan Beach is a member of Los Angeles Interagency Metropolitan Police Apprehension Crime Task Force (L.A. IMPACT), a joint powers authority of the police departments of cities and other institutions in Los Angeles County. The Organization was formed July 1, 1991, with the mission to promote coordinated law enforcement efforts and to address emerging criminal justice issues, mainly in the areas of drug trafficking enterprise and money laundering. The Executive Council consists of 14 police chiefs and other various police officers. All financial decisions were made by the Executive Council. The members received monetary distributions from the asset seizures based on their respective contribution to the effort.

CITY OF MANHATTAN BEACH

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2019

Note 15: Joint Ventures and Jointly Governed Organizations (Continued)

Summarized audited financial information for L.A. IMPACT at June 30, 2018*, is presented below:

Statement of Net Position

Assets

Current assets	\$ 11,531,039
Noncurrent assets	269,284
Total Assets	<u>11,800,323</u>

Liabilities

Current liabilities	1,445,995
Noncurrent liabilities	346,281
Total liabilities	<u>1,792,276</u>

Net Position	<u>\$ 10,008,047</u>
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Statement of Activities

Program Revenues	\$ 4,049,975
Expenses	<u>(4,910,773)</u>

Excess of Revenues Over Expenses	<u>(860,798)</u>
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Non operating revenues (expenses)

Investment earnings	128,419
Other revenue	3,337
Non operating revenues (expenses)	<u>131,756</u>

Change in net position	(729,042)
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Net Position - June 30, 2017	<u>10,737,089</u>
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Net Position - June 30, 2018	<u>\$ 10,008,047</u>
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*LA Impact has issued its own separate financial statements, which are available at 5700 S. Eastern Avenue, Commerce, California 90040.

CITY OF MANHATTAN BEACH

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2019**

Note 16: Commitments and Contingencies

Contingencies

There are certain claims and lawsuits pending against the City that seek monetary damages. Potential liabilities due to these claims are accounted for in the Insurance Reserve Fund.

Construction Commitments

The following material construction commitments existed as of June 30, 2019:

Project Title	Contract Amount	Expenditure to date as of June 30, 2019	Remaining Commitments
Sepulveda Bridge Widening	\$ 2,725,111	\$ 2,591,198	\$ 133,913
Liberty Village Resurfacing	1,595,162	1,578,780	16,382
Peck Reservoir Design	1,451,498	1,086,150	365,348
Marine Ave Resurfacing	1,364,107	1,221,282	142,824
Slurry Seal & ARAM Project - Areas 4,5, & 6	1,107,944	1,014,261	93,683
Manhattan Ave and Highland Ave Pavement Rehab	1,027,048	976,048	51,000
Citywide Traffic Signal Inventory and Replacement	1,014,434	155,542	858,892
Fire Station 2 Design Development & Interim Improvements	764,710	197,678	567,032
Cycle 1 Sewer Main Replacement Project	648,809	464,313	184,496
Cycle 3 Federal SRTS Grant Pedestrian Improvements Project	497,602	486,372	11,230

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 26,872,054	\$ 26,872,054	\$ 26,872,054	\$ -
Resources (Inflows):				
Taxes and assessments	51,411,538	51,411,538	52,272,101	860,563
Licenses and permits	3,061,340	3,061,340	3,048,263	(13,077)
Intergovernmental	309,350	452,474	355,520	(96,954)
Charges for services	11,863,680	12,004,973	12,076,449	71,476
Use of money and property	3,954,807	3,954,807	5,304,823	1,350,016
Fines and forfeitures	2,547,000	2,547,000	1,963,412	(583,588)
Miscellaneous	867,500	867,500	1,112,149	244,649
Transfers in	166,786	166,786	263,873	97,087
Amounts Available for Appropriations	101,054,055	101,338,472	103,268,644	1,930,172
Charges to Appropriations (Outflow):				
Current:				
General government	16,046,010	16,373,957	15,125,085	1,248,872
Public safety	41,848,416	42,065,355	42,632,070	(566,715)
Culture and recreation	8,229,550	8,342,324	8,383,582	(41,258)
Public works	7,511,387	7,952,152	7,190,483	761,669
Capital outlay:				
General government	380,240	403,243	65,704	337,539
Public safety	1,140,602	1,243,726	328,757	914,969
Culture and recreation	-	45,380	5,497	39,883
Public works	49,191	49,191	5,999	43,192
Debt service:				
Principal retirement	295,000	295,000	295,000	-
Interest and fiscal charges	185,975	185,975	185,975	-
Fees	3,500	3,500	1,600	1,900
Transfers out	2,028,307	2,028,307	2,594,296	(565,989)
Total Charges to Appropriations	77,718,178	78,988,110	76,814,048	2,174,062
Budgetary Fund Balance, June 30	\$ 23,335,877	\$ 22,350,362	\$ 26,454,596	\$ 4,104,234

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 GAS TAX
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,834,827	\$ 2,834,827	\$ 2,834,827	\$ -
Resources (Inflows):				
Intergovernmental	1,390,630	3,282,873	1,618,605	(1,664,268)
Use of money and property	55,609	55,609	129,144	73,535
Amounts Available for Appropriations	4,281,066	6,173,309	4,582,576	(1,590,733)
Charges to Appropriations (Outflow):				
Current:				
Public works	27,000	27,000	1,408,154	(1,381,154)
Capital outlay:				
Public works	2,148,259	6,478,541	2,451,409	4,027,132
Total Charges to Appropriations	2,175,259	6,505,541	3,859,563	2,645,978
Budgetary Fund Balance, June 30	\$ 2,105,807	\$ (332,232)	\$ 723,013	\$ 1,055,245

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION C
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 4,291,588	\$ 4,291,588	\$ 4,291,588	\$ -
Resources (Inflows):				
Taxes	576,151	576,151	590,966	14,815
Intergovernmental	-	16,870,485	34,152	(16,836,333)
Use of money and property	64,985	64,985	188,350	123,365
Amounts Available for Appropriations	4,932,724	21,803,209	5,105,056	(16,698,153)
Charges to Appropriations (Outflow):				
Current:				
Public works	59,000	59,000	299,247	(240,247)
Capital outlay:				
Public works	700,000	21,614,504	856,585	20,757,919
Total Charges to Appropriations	759,000	21,673,504	1,155,832	20,517,672
Budgetary Fund Balance, June 30	\$ 4,173,724	\$ 129,705	\$ 3,949,224	\$ 3,819,519

CITY OF MANHATTAN BEACH

MISCELLANEOUS PLAN
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

Measurement Period	2014	2015	2016	2017	2018
TOTAL PENSION LIABILITY					
Service Cost	\$ 1,897,933	\$ 1,906,947	\$ 2,116,750	\$ 2,582,619	\$ 2,639,954
Interest	6,036,548	6,365,282	6,725,647	6,931,655	7,282,132
Difference Between expected and Actual Experience	-	(1,610,461)	(125,272)	(2,203,443)	(577,483)
Changes in Assumptions	-	(450,327)	-	5,953,464	11,137
Benefit Payments, Including Refunds of employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)
Net Change in Total Pension Liability	\$ 5,004,004	\$ 2,823,523	\$ 5,022,608	\$ 9,366,638	\$ 5,103,820
Total Pension Liability - Beginning	81,003,568	86,007,572	88,831,095	93,853,703	103,220,341
Total Pension Liability - Ending (a)	\$ 86,007,572	\$ 88,831,095	\$ 93,853,703	\$ 103,220,341	\$ 108,324,161
PLAN FIDUCIARY NET POSITION					
Contribution - Employer	\$ 1,512,406	\$ 1,619,438	\$ 1,856,633	\$ 2,139,788	\$ 2,257,840
Contribution - Employee	911,689	986,936	1,110,014	1,142,808	1,194,936
Net Investment Income	10,722,182	1,618,145	357,760	8,057,534	6,733,944
Benefit Payments, Including Refunds of Employee Contributions	(2,930,477)	(3,387,918)	(3,694,517)	(3,897,657)	(4,251,920)
Net Plan to Plan Resource Movement	-	-	(388)	-	(198)
Administrative Expense	-	(82,036)	(44,409)	(106,973)	(124,333)
Other Miscellaneous Income/(Expense) (A)	-	-	-	-	(236,111)
Net Change in Fiduciary Net Position	\$ 10,215,800	\$ 754,565	\$ (414,907)	\$ 7,335,500	\$ 5,574,158
Plan Fiduciary Net Position - Beginning	61,897,924	72,113,724	72,868,289	72,453,382	79,788,882
Plan Fiduciary Net Position - Ending (b)	\$ 72,113,724	\$ 72,868,289	\$ 72,453,382	\$ 79,788,882	\$ 85,363,040
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	\$ 13,893,848	\$ 15,962,806	\$ 21,400,321	\$ 23,431,459	\$ 22,961,121
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.85%	82.03%	77.20%	77.30%	78.80%
Covered Payroll	\$ 12,741,228	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083	\$ 16,557,666
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	109.05%	119.59%	142.91%	145.98%	138.67%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only five years are shown.

Notes to Schedule:

(A) During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes)

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

CITY OF MANHATTAN BEACH

MISCELLANEOUS PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 1,526,186	\$ 1,648,896	\$ 1,881,560	\$ 2,137,977	\$ 2,241,242	\$ 2,659,903
Contribution in Relation to the Actuarially Determined Contribution	(1,526,186)	(1,648,896)	(1,881,560)	(2,137,977)	(2,241,242)	(2,659,903)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 12,741,228	\$ 13,348,365	\$ 14,974,179	\$ 16,051,083	\$ 16,557,666	\$ 16,866,425
Contributions as a Percentage of Covered Payroll	11.98%	12.35%	12.57%	13.32%	13.54%	15.77%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only five years are shown.

Note to Schedule:

Valuation Date:	June 30, 2016
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll, closed 20 years 20 Years as of the Valuation Date
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.30% - 14.20% depending on age, service and type of employment
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF MANHATTAN BEACH

**SAFETY PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Measurement Date	2014	2015	2016	2017	2018
Safety Plan					
Proportion of the Net Pension Liability	0.482924%	0.816657%	0.854514%	0.738007%	0.884355%
Proportionate Share of the Net Pension Liability	\$ 30,049,799	\$ 33,649,892	\$ 44,229,612	\$ 51,004,452	\$ 51,890,006
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	252.54%	269.00%	330.16%	378.48%	387.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.00%	78.30%	74.10%	73.30%	73.30%

Notes to Schedule:

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions:

In fiscal year 2016-17, the discount rate was changed from 7.65 percent (net of administrative expense) to 7.15 percent.

In fiscal year 2017-18, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only five years are shown.

CITY OF MANHATTAN BEACH

**SAFETY PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017	2018	2019
Safety Plan						
Actuarially Determined Contribution	\$ 3,200,572	\$ 3,437,160	\$ 4,000,319	\$ 4,035,127	\$ 4,413,119	\$ 5,071,642
Contribution in Relation to the Actuarially Determined Contribution	(3,200,572)	(3,437,160)	(4,000,319)	(4,035,127)	(4,413,119)	(5,071,642)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,899,053	\$ 12,509,404	\$ 13,396,233	\$ 13,476,008	\$ 13,377,912	\$ 13,238,294
Contributions as a Percentage of Covered Payroll	26.90%	27.48%	29.86%	29.94%	32.99%	38.31%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2014 was the first year of implementation, therefore only five years are shown.

Note to Schedule:

Valuation Date:	June 30, 2016
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll, closed 20 years 20 Years as of the Valuation Date
Assets valuation method	Market value
Inflation	2.75%
Salary Increases	3.30% - 14.20% depending on age, service and type of employment
Investment rate of return	7.50% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	RP-2000 Heath Annuitant Mortality Table

CITY OF MANHATTAN BEACH

**PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total pension liability:						
Interest	\$ 4,535	\$ 3,868	\$ 4,465	\$ (552)	\$ 4,837	\$ 4,045
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)	(22,125)
Experience losses/(gains)	(6,296)	16,651	9,609	35,649	8,685	18,576
Changes in assumptions	-	-	-	-	-	2,027
Net change in total pension liability	(21,879)	-	(7,654)	13,757	(8,168)	2,523
Total pension liability, beginning of year	133,183	111,304	111,304	103,650	117,407	109,239
Total pension liability, end of year	111,304	111,304	103,650	117,407	109,239	111,762
Plan fiduciary net position:						
Net investment income	4,535	3,868	4,465	(552)	496	1,024
Contribution from employer	-	-	-	-	-	27,773
Benefit payments, including refunds of member contributions	(20,118)	(20,519)	(21,728)	(21,340)	(21,690)	(22,125)
Net change in plan fiduciary net position	(15,583)	(16,651)	(17,263)	(21,892)	(21,194)	6,672
Total fiduciary net position, beginning of year	118,255	102,672	86,021	68,758	46,866	25,672
Total fiduciary net position, end of year	102,672	86,021	68,758	46,866	25,672	32,344
Net pension liability (asset), end of year	\$ 8,632	\$ 25,283	\$ 34,892	\$ 70,541	\$ 83,567	\$ 79,418
Plan fiduciary net position as a percentage of the total pension liability	92.24%	77.28%	66.34%	39.92%	23.50%	28.94%
The Supplement Retirement Plan is dormant.						
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Changes of Assumptions:

In fiscal year 2018-19, the discount rate was changed from 4.12% to 3.5%.

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2014	2015	2016	2017	2018	2019
Employer contributions:						
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-	-
Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Supplement Retirement Plan is dormant.

Actual contributions as a percentage of actuarial determined contributions	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

PENSION PLAN - SUPPLEMENTAL RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	4.40%	4.40%	3.60%	3.49%	4.12%	3.50%

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

**PENSION PLAN - SINGLE HIGHEST YEAR PLAN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017	2018	2019
Total pension liability:						
Interest	\$ 12,194	\$ 9,588	\$ 13,610	\$ (1,639)	\$ 13,871	\$ 10,663
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)	(50,694)
Experience losses/(gains)	(20,492)	41,284	19,167	94,614	(12,652)	41,951
Changes in assumptions	-	-	-	-	-	6,053
Net change in total pension liability	(58,191)	-	(18,821)	40,047	(52,586)	7,973
Total pension liability, beginning of year	373,634	315,443	315,443	296,622	336,669	284,083
Total pension liability, end of year	315,443	315,443	296,622	336,669	284,083	292,056
Plan fiduciary net position:						
Net investment income	12,194	9,588	13,610	(1,639)	1,616	4,689
Contribution from employer	-	-	-	-	-	72,227
Benefit payments, including refunds of member contributions	(49,893)	(50,872)	(51,598)	(52,928)	(53,805)	(50,694)
Net change in plan fiduciary net position	(37,699)	(41,284)	(37,988)	(54,567)	(52,189)	26,222
Total fiduciary net position, beginning of year	315,899	278,200	236,916	198,928	144,361	92,172
Total fiduciary net position, end of year	278,200	236,916	198,928	144,361	92,172	118,394
Net pension liability (asset), end of year	\$ 37,243	\$ 78,527	\$ 97,694	\$ 192,308	\$ 191,911	\$ 173,662
Plan fiduciary net position as a percentage of the total pension liability	88.19%	75.11%	67.06%	42.88%	32.45%	40.54%
The Single Highest Year Plan is dormant.						
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

Changes of Assumptions:

In fiscal year 2018-19, the discount rate was changed from 4.12% to 3.5%.

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

**PENSION PLAN - SINGLE HIGHEST YEAR PLAN
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2014	2015	2016	2017	2018	2019
Employer contributions:						
Actuarial determined contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Actual contributions	-	-	-	-	-	-
Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The Single Highest Year Plan is dormant.

Actual contributions as a percentage of actuarial determined contributions	N/A	N/A	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH

PENSION PLAN - SINGLE HIGHEST YEAR PLAN
SCHEDULE OF INVESTMENT RETURNS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	4.40%	4.40%	3.60%	3.49%	4.12%	3.50%

(1) GASB Statement No. 67, which requires ten years of history for this schedule, was implemented during fiscal year ended June 30, 2014. Additional years will be added as they become available in the future.

CITY OF MANHATTAN BEACH, CALIFORNIA

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

Measurement Date	<u>2017</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 153,484	\$ 157,705
Interest on the total OPEB liability	373,003	389,029
Benefit payments	<u>(292,220)</u>	<u>(276,109)</u>
Net change in total OPEB liability	234,267	270,625
Total OPEB liability - beginning	<u>5,809,993</u>	<u>6,044,260</u>
Total OPEB liability - ending (a)	<u>6,044,260</u>	<u>6,314,885</u>
Plan Fiduciary Net Position		
Contribution - employer	-	-
Net investment income	696,310	637,587
Investment gains/(loss)	-	(17,259)
Benefit payments	(292,220)	(276,109)
Administrative expense	<u>(5,052)</u>	<u>(18,413)</u>
Net change in plan fiduciary net position	399,038	325,806
Plan fiduciary net position - beginning	<u>9,557,249</u>	<u>9,956,287</u>
Plan fiduciary net position - ending (b)	<u>\$ 9,956,287</u>	<u>\$ 10,282,093</u>
Net OPEB Liability (Asset) - ending (a) - (b)	<u>\$ (3,912,027)</u>	<u>\$ (3,967,208)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	164.7%	162.8%
Covered employee payroll	\$ 27,942,810	\$ 28,350,135
Net OPEB liability as a percentage of covered employee payroll	-14.00%	-13.99%

Notes to Schedule:

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2017 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

CITY OF MANHATTAN BEACH, CALIFORNIA

**SCHEDULE OF PLAN CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution (1)	\$ -	\$ -
Contribution in Relation to the Actuarially Determined Contribution	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 28,350,135	\$ 28,955,206
Contributions as a percentage of covered employee payroll	0.00%	0.00%

(1) The plan is superfunded. No contribution is required.

Notes to Schedule:

Actuarial methods and assumptions used to set the actuarially determined contribution for Fiscal Year 2018 were from the December 31, 2016 actuarial valuation.

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry Age
Actuarial Assumptions:	
Discount Rate	6.5% per year net of expenses
Inflation	2.75% per year
Salary Increase	2.75% per year
Healthcare Trend	4.00% per year
Mortality	Police - 2014 CalPERS Mortality for Active Safety Employees Fire Fighters - 2014 CalPERS Mortality for Active Safety Employees Miscellaneous - 2014 CalPERS Active Mortality for Miscellaneous Employees
Retirement Rates	Police: Hired prior to 1/1/13: 2009 CalPERS 3.0%@50 Rates for Sworn Police Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Police adjusted to reflect minimum retirement age 52 Firefighters: Hired prior to 1/1/13: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters Hired > 12/31/12: 2009 CalPERS 3.0%@55 Rates for Sworn Firefighters adjusted to reflect minimum retirement age 52 Miscellaneous: Hired prior to 1/1/13: 2009 CalPERS 2.0%@55 Rates for Miscellaneous Employees Hired > 12/31/12: 2009 CalPERS 2.0%@60 Rates for Miscellaneous Employees adjusted to reflect minimum retirement age 52
Service Requirement	Police: 100% at 5 Years of Service for statutory minimum benefits 100% at 10 Years of Service with City (20 years in law enforcement) Firefighters: 100% at 5 Years of Service for statutory minimum benefits 100% at 20 Years of Service with City General Employees 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City Management 100% at 5 Years of Service for statutory minimum benefits 100% at 15 Years of Service with City

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Note 1: Budgetary Comparison Information

a. General Budget Policies

The operating budget serves as the annual financial plan for the City and serves as the policy document of the City Council for implementing Council goals and objectives. The budget provides the staff the resources necessary to accomplish City Council determined service levels.

The City Manager annually will prepare and present a proposed operating budget to the City Council no later than the second regular Council meeting in May of each year; and Council will adopt said budget no later than June 30 of each year. Funds may not be expended or encumbered for the following fiscal year until the budget has been adopted by the City Council.

The City's annual budget will be presented by department, with a logical breakdown of programs and proposed expenses. The budget document will also summarize expenditures at the personnel, operating and maintenance, and capital levels.

Where practical, the City's annual budget will include measures of workload, efficiency, and effectiveness.

b. Budgetary Control and Accountability

Budget control is maintained at the departmental level. The City Manager has the authority to approve appropriation transfers between programs or departments. In no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment. Amendments to the budget are approved by the City Council with the exception of the appropriation and transfer of funds from employee leave reserves to a specific department's program budget to cover unplanned customary termination leave expenditures within a given year. Such amendments may be approved by the City Manager.

Budget accountability rests primarily with the operating departments of the City.

c. Basis of Budgeting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and are used as a management control device.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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CITY OF MANHATTAN BEACH

JUNE 30, 2019

NONMAJOR FUNDS

Special Revenue Fund Description

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted by law to expenditures for specified purposes.

Street Lighting and Landscape Fund provides the power, maintenance and capital improvements for the lighting system within the City of Manhattan Beach. Money is received from a special assessment placed on each tax bill in the City, the amount of which is determined by the benefit received by the owner of each property.

Asset Forfeiture Fund is used to account for funds received through federal and state agencies for drug seizures in which the City participated. These funds must be used to supplement, not supplant, the Police Department's normal operating budget. The amount of revenue will vary from year to year based on activity levels.

Public Safety Grants are used for monies received from the federal and state governments for the purposes of supplementing front-line law enforcement services.

Federal and State Grants Fund acts as a pass through for capital grants received from local, state and federal authorities. Given the nature of this funding source, this fund's activity levels can vary significantly from year to year.

Proposition A is used to account for proceeds from the half-cent sales taxes generated by the approval of Proposition A by Los Angeles County voters. These funds, which are administered by the Los Angeles County Metropolitan Transportation Authority (MTA), are distributed based on population and must be used for transportation-related projects.

AB 2766 Fund is used to account for proceeds received from the additional vehicle registration fee imposed by the state and regulated by the Air Quality Management District (AQMD). These funds are distributed based on population and must be used for programs designed to reduce air pollution from motor vehicles.

Measure R Fund is a half cent sales tax approved by Los Angeles voters to be used for new and existing transportation projects, including local bus operations and local city sponsored transportation improvements. Local cities are allocated 15% of collections on a per capita basis. The City of Manhattan Beach began receiving Measure R funds in fiscal 2010-2011, and established a separate fund to capture revenues and expenditures. Eligible expenditures are streets and signals, bikeways, pedestrian improvements, and transit service improvements.

Measure M Fund is a half-cent sales tax approved by Los Angeles County voters to ease traffic congestion; expand rail and rapid transit system; repave local streets, repair potholes, and synchronize signals; make public transportation more accessible for seniors, students, and the disabled; and earthquake-retrofit bridges. The City of Manhattan Beach began receiving Measure M funds in fiscal 2018-2019 and established a separate fund to capture revenue and expenditures.

CITY OF MANHATTAN BEACH

JUNE 30, 2019

NONMAJOR FUNDS

Capital Project Fund Description

Capital Projects Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities, other than those financed by Enterprise or Internal Service Funds.

Underground Assessment District Fund accounts for the resources to construct an underground utility in the future.

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CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds			
	Street Lighting and Landscape	Asset Forfeiture	Public Safety Grants	Federal and State Grants
Assets:				
Pooled cash and investments	\$ 32,255	\$ 447,170	\$ 282,470	\$ -
Receivables:				
Accounts	7,371	-	-	-
Prepaid costs	-	2,714	-	-
Due from other governments	-	-	-	-
Total Assets	\$ 39,626	\$ 449,884	\$ 282,470	\$ -
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 39,626	\$ 315	\$ 7,684	\$ -
Accrued payables	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	39,626	315	7,684	-
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	-	449,569	274,786	-
Public works	-	-	-	-
Capital Projects	-	-	-	-
Total Fund Balances	-	449,569	274,786	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 39,626	\$ 449,884	\$ 282,470	\$ -

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Proposition A	AB 2766	Measure R	Measure M
Assets:				
Pooled cash and investments	\$ 14,191	\$ 32,755	\$ 1,242,420	\$ 695,380
Receivables:				
Accounts	-	-	-	-
Prepaid costs	3,761	-	-	-
Due from other governments	-	29,602	-	-
Total Assets	\$ 17,952	\$ 62,357	\$ 1,242,420	\$ 695,380
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 17,952	\$ -	\$ 50,332	\$ 275,000
Accrued payables	-	-	49,695	-
Deposits payable	-	-	-	-
Total Liabilities	17,952	-	100,027	275,000
Deferred Inflows of Resources:				
Unavailable revenues	-	17,500	-	-
Total Deferred Inflows of Resources	-	17,500	-	-
Fund Balances:				
Restricted for:				
Public safety	-	-	-	-
Public works	-	44,857	-	-
Capital Projects	-	-	1,142,393	420,380
Total Fund Balances	-	44,857	1,142,393	420,380
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,952	\$ 62,357	\$ 1,242,420	\$ 695,380

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2019

	<u>Capital Projects Fund Underground Assessment District</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:		
Pooled cash and investments	\$ 1,741	\$ 2,748,382
Receivables:		
Accounts	-	7,371
Prepaid costs	-	6,475
Due from other governments	-	29,602
Total Assets	<u>\$ 1,741</u>	<u>\$ 2,791,830</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts payable	\$ -	\$ 390,909
Accrued payables	-	49,695
Deposits payable	1,741	1,741
Total Liabilities	<u>1,741</u>	<u>442,345</u>
Deferred Inflows of Resources:		
Unavailable revenues	-	17,500
Total Deferred Inflows of Resources	<u>-</u>	<u>17,500</u>
Fund Balances:		
Restricted for:		
Public safety	-	724,355
Public works	-	44,857
Capital Projects	-	1,562,773
Total Fund Balances	<u>-</u>	<u>2,331,985</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,741</u>	<u>\$ 2,791,830</u>

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CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	Street Lighting and Landscape	Asset Forfeiture	Public Safety Grants	Federal and State Grants
Revenues:				
Taxes	\$ 375,319	\$ -	\$ -	\$ -
Intergovernmental	-	47,595	174,151	-
Charges for services	10,222	-	-	-
Use of money and property	125	20,959	9,931	-
Miscellaneous	-	-	-	-
Total Revenues	385,666	68,554	184,082	-
Expenditures:				
Current:				
Public safety	-	129,708	129,114	-
Culture and recreation	-	-	-	-
Public works	530,300	-	-	-
Capital outlay				
Public works	-	-	-	-
Total Expenditures	530,300	129,708	129,114	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,634)	(61,154)	54,968	-
Other Financing Sources (Uses):				
Transfers in	144,634	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	144,634	-	-	-
Net Change in Fund Balances	-	(61,154)	54,968	-
Fund Balances:				
Beginning of Year	-	510,723	219,818	-
End of Year	\$ -	\$ 449,569	\$ 274,786	\$ -

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

(CONTINUED)

	Special Revenue Funds			
	Proposition A	AB 2766	Measure R	Measure M
Revenues:				
Taxes	\$ 942,461	\$ -	\$ 519,315	\$ 499,030
Intergovernmental	-	46,682	-	-
Charges for services	7,766	-	-	-
Use of money and property	427	6,303	65,964	19,143
Miscellaneous	530	-	-	-
Total Revenues	951,184	52,985	585,279	518,173
Expenditures:				
Current:				
Public safety	-	-	-	-
Culture and recreation	966,664	-	-	-
Public works	-	2,100	60,793	53,481
Capital outlay				
Public works	-	-	724,369	415,000
Total Expenditures	966,664	2,100	785,162	468,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,480)	50,885	(199,883)	49,692
Other Financing Sources (Uses):				
Transfers in	15,480	-	20,346	-
Transfers out	-	(158,107)	-	-
Total Other Financing Sources (Uses)	15,480	(158,107)	20,346	-
Net Change in Fund Balances	-	(107,222)	(179,537)	49,692
Fund Balances:				
Beginning of Year	-	152,079	1,321,930	370,688
End of Year	\$ -	\$ 44,857	\$ 1,142,393	\$ 420,380

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019

	<u>Capital Projects Fund Underground Assessment District</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Taxes	\$ -	\$ 2,336,125
Intergovernmental	-	268,428
Charges for services	-	17,988
Use of money and property	1,426	124,278
Miscellaneous	-	530
Total Revenues	<u>1,426</u>	<u>2,747,349</u>
Expenditures:		
Current:		
Public safety	-	258,822
Culture and recreation	-	966,664
Public works	197,474	844,148
Capital outlay		
Public works	-	1,139,369
Total Expenditures	<u>197,474</u>	<u>3,209,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(196,048)</u>	<u>(461,654)</u>
Other Financing Sources (Uses):		
Transfers in	-	180,460
Transfers out	-	(158,107)
Total Other Financing Sources (Uses)	<u>-</u>	<u>22,353</u>
Net Change in Fund Balances	(196,048)	(439,301)
Fund Balances:		
Beginning of Year	<u>196,048</u>	<u>2,771,286</u>
End of Year	<u>\$ -</u>	<u>\$ 2,331,985</u>

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING AND LANDSCAPE
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	377,883	377,883	375,319	(2,564)
Charges for services	16,591	16,591	10,222	(6,369)
Use of money and property	-	-	125	125
Transfers in	179,962	179,962	144,634	(35,328)
Amounts Available for Appropriations	574,436	574,436	530,300	(44,136)
Charges to Appropriations (Outflow):				
Current:				
Public works	574,436	576,786	530,300	46,486
Total Charges to Appropriations	574,436	576,786	530,300	46,486
Budgetary Fund Balance, June 30	\$ -	\$ (2,350)	\$ -	\$ 2,350

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 ASSET FORFEITURE
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 510,723	\$ 510,723	\$ 510,723	\$ -
Resources (Inflows):				
Intergovernmental	-	-	47,595	47,595
Use of money and property	8,000	8,000	20,959	12,959
Amounts Available for Appropriations	518,723	518,723	579,277	60,554
Charges to Appropriations (Outflow):				
Current:				
Public safety	164,500	177,198	129,708	47,490
Total Charges to Appropriations	164,500	177,198	129,708	47,490
Budgetary Fund Balance, June 30	\$ 354,223	\$ 341,525	\$ 449,569	\$ 108,044

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 PUBLIC SAFETY GRANTS
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 219,818	\$ 219,818	\$ 219,818	\$ -
Resources (Inflows):				
Intergovernmental	139,000	139,000	174,151	35,151
Use of money and property	2,217	2,217	9,931	7,714
Amounts Available for Appropriations	361,035	361,035	403,900	42,865
Charges to Appropriations (Outflow):				
Current:				
Public safety	140,000	185,613	129,114	56,499
Total Charges to Appropriations	140,000	185,613	129,114	56,499
Budgetary Fund Balance, June 30	\$ 221,035	\$ 175,422	\$ 274,786	\$ 99,364

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 PROPOSITION A
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Taxes	924,598	924,598	942,461	17,863
Charges for services	7,200	7,200	7,766	566
Use of money and property	-	-	427	427
Miscellaneous	17,500	17,500	530	(16,970)
Transfers in	-	-	15,480	15,480
Amounts Available for Appropriations	949,298	949,298	966,664	17,366
Charges to Appropriations (Outflow):				
Current:				
Culture and recreation	945,978	988,236	966,664	21,572
Total Charges to Appropriations	945,978	988,236	966,664	21,572
Budgetary Fund Balance, June 30	\$ 3,320	\$ (38,938)	\$ -	\$ 38,938

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE

AB 2766

YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 152,079	\$ 152,079	\$ 152,079	\$ -
Resources (Inflows):				
Intergovernmental	46,000	46,000	46,682	682
Use of money and property	1,154	1,154	6,303	5,149
Amounts Available for Appropriations	199,233	199,233	205,064	5,831
Charges to Appropriations (Outflow):				
Current:				
Public works	45,600	45,600	2,100	43,500
Transfers out	-	105,967	158,107	(52,140)
Total Charges to Appropriations	45,600	151,567	160,207	(8,640)
Budgetary Fund Balance, June 30	\$ 153,633	\$ 47,666	\$ 44,857	\$ (2,809)

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 MEASURE R
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,321,930	\$ 1,321,930	\$ 1,321,930	\$ -
Resources (Inflows):				
Taxes	432,122	432,122	519,315	87,193
Use of money and property	26,103	26,103	65,964	39,861
Transfers in	-	-	20,346	20,346
Amounts Available for Appropriations	1,780,155	1,780,155	1,927,555	147,400
Charges to Appropriations (Outflow):				
Current:				
Public works	22,000	22,000	60,793	(38,793)
Capital outlay:				
Public works	450,000	1,646,276	724,369	921,907
Total Charges to Appropriations	472,000	1,668,276	785,162	883,114
Budgetary Fund Balance, June 30	\$ 1,308,155	\$ 111,879	\$ 1,142,393	\$ 1,030,514

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 MEASURE M
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 370,688	\$ 370,688	\$ 370,688	\$ -
Resources (Inflows):				
Taxes	489,728	489,728	499,030	9,302
Use of money and property	-	-	19,143	19,143
Amounts Available for Appropriations	860,416	860,416	888,861	28,445
Charges to Appropriation (Outflow):				
Current:				
Public works	36,000	36,000	53,481	(17,481)
Capital outlay:				
Public works	275,000	475,000	415,000	60,000
Total Charges to Appropriations	311,000	511,000	468,481	42,519
Budgetary Fund Balance, June 30	\$ 549,416	\$ 349,416	\$ 420,380	\$ 70,964

CITY OF MANHATTAN BEACH

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT
YEAR ENDED JUNE 30, 2019**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 10,569,488	\$ 10,569,488	\$ 10,569,488	\$ -
Resources (Inflows):				
Taxes	794,118	794,118	781,830	(12,288)
Licenses and permits	21,804	21,804	36,340	14,536
Intergovernmental	300,000	1,621,083	448,758	(1,172,325)
Charges for services	685,000	685,000	649,026	(35,974)
Use of money and property	-	-	808	808
Fines and forfeitures	110,000	110,000	88,280	(21,720)
Miscellaneous	-	-	19,650	19,650
Transfers in	-	-	560,100	560,100
Amounts Available for Appropriations	12,480,410	13,801,493	13,154,280	(647,213)
Charges to Appropriations (Outflow):				
Current:				
General government	-	-	456,138	(456,138)
Public works	144,000	144,000	224,258	(80,258)
Capital outlay:				
General government	-	-	21,470	(21,470)
Public safety	-	881,238	255,020	626,218
Culture and recreation	-	397,479	1,298,891	(901,412)
Public works	1,505,000	11,466,142	2,528,106	8,938,036
Debt service:				
Principal retirement	500,000	500,000	500,000	-
Interest and fiscal charges	270,464	270,464	270,462	2
Fees	2,200	2,200	1,800	400
Total Charges to Appropriations	2,421,664	13,661,523	5,556,145	8,105,378
Budgetary Fund Balance, June 30	\$ 10,058,746	\$ 139,970	\$ 7,598,135	\$ 7,458,165

CITY OF MANHATTAN BEACH

BUDGETARY COMPARISON SCHEDULE
 UNDERGROUND ASSESSMENT DISTRICT
 YEAR ENDED JUNE 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 196,048	\$ 196,048	\$ 196,048	\$ -
Resources (Inflows):				
Use of money and property	3,124	3,124	1,426	(1,698)
Amounts Available for Appropriations	199,172	199,172	197,474	(1,698)
Charges to Appropriation (Outflow):				
Current:				
Public works	-	-	197,474	(197,474)
Total Charges to Appropriations	-	-	197,474	(197,474)
Budgetary Fund Balance, June 30	\$ 199,172	\$ 199,172	\$ -	\$ (199,172)

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CITY OF MANHATTAN BEACH

JUNE 30, 2019

NONMAJOR ENTERPRISE FUNDS

The Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent in using this type of fund is to see that the costs of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

Stormwater Fund is used to account for the maintenance and improvement of the City's storm drains. Revenues are derived from a storm drain assessment to property owners, which are based on size and use of the parcel, and collected through the property tax rolls.

Refuse Fund is used to account for the provision of refuse collection, street sweeping and recycling services in the City. The City bills both residential and commercial properties.

County Parking Lot Fund is used to account for the operation and maintenance of parking lots that are owned by Los Angeles County but leased to the City. Proceeds from the meters and parking permits are divided 55% to the county, with an annual guaranteed minimum of \$130,000 and 45% to the City.

State Pier and Parking Lot Fund is used to account for the operation and maintenance of the Manhattan Beach Pier, comfort station and four adjacent parking lots. These properties are owned by the State of California but controlled by the City through an operating agreement.

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CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Assets:					
Current:					
Cash and investments	\$ 2,425,232	\$ 1,287,693	\$ 370,491	\$ 794,263	\$ 4,877,679
Receivables:					
Accounts	5,953	315,341	-	-	321,294
Total Current Assets	2,431,185	1,603,034	370,491	794,263	5,198,973
Noncurrent:					
Net OPEB Asset	13,642	17,267	5,526	5,526	41,961
Capital assets - net of accumulated depreciation	4,089,009	-	-	-	4,089,009
Total Noncurrent Assets	4,102,651	17,267	5,526	5,526	4,130,970
Total Assets	6,533,836	1,620,301	376,017	799,789	9,329,943
Deferred Outflows of Resources:					
Deferred pension related items	20,075	35,880	5,342	5,342	66,639
Deferred OPEB related items	-	104	33	33	170
Total Deferred Outflows of Resources	20,075	35,984	5,375	5,375	66,809
Liabilities:					
Current:					
Accounts payable	111,383	615,140	356,573	56,076	1,139,172
Accrued payables	4,962	-	-	-	4,962
Deposits payable	678,914	-	-	108,849	787,763
Total Current Liabilities	795,259	615,140	356,573	164,925	1,931,897
Noncurrent:					
Net pension liability	102,891	174,193	23,602	23,600	324,286
Total Noncurrent Liabilities	102,891	174,193	23,602	23,600	324,286
Total Liabilities	898,150	789,333	380,175	188,525	2,256,183
Deferred Inflows of Resources:					
Deferred pension related items	5,892	10,194	1,217	1,217	18,520
Total Deferred Inflows of Resources	5,892	10,194	1,217	1,217	18,520
Net Position:					
Net investment in capital assets	4,089,009	-	-	-	4,089,009
Unrestricted	1,560,860	856,758	-	615,422	3,033,040
Total Net Position	\$ 5,649,869	\$ 856,758	\$ -	\$ 615,422	\$ 7,122,049

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Operating Revenues:					
Sales and service charges	\$ 350,106	\$ 4,126,542	\$ 815,801	\$ 588,218	\$ 5,880,667
Miscellaneous	-	4,532	-	86,505	91,037
Total Operating Revenues	350,106	4,131,074	815,801	674,723	5,971,704
Operating Expenses:					
Salaries	49,628	90,451	21,442	21,443	182,964
Employee benefits	30,631	40,418	10,362	10,357	91,768
Contract and professional services	483,972	3,716,643	37,829	212,945	4,451,389
Materials and services	145,647	70,040	81	402,269	618,037
Utilities	29,818	533	4,434	35,532	70,317
Administrative service charges	161,196	191,148	34,548	90,864	477,756
Leases and rents	-	-	448,690	-	448,690
Depreciation expense	151,497	-	-	-	151,497
Total Operating Expenses	1,052,389	4,109,233	557,386	773,410	6,492,418
Operating Income (Loss)	(702,283)	21,841	258,415	(98,687)	(520,714)
Nonoperating Revenues (Expenses):					
Interest revenue	47,067	42,587	-	49,130	138,784
Grant revenue	-	28,271	-	-	28,271
Total Nonoperating Revenues (Expenses)	47,067	70,858	-	49,130	167,055
Income (Loss) Before Transfers	(655,216)	92,699	258,415	(49,557)	(353,659)
Transfers in	1,273,783	-	-	-	1,273,783
Transfers out	-	-	(263,873)	-	(263,873)
Changes in Net Position	618,567	92,699	(5,458)	(49,557)	656,251
Net Position:					
Beginning of Year	5,031,302	764,059	5,458	664,979	6,465,798
End of Fiscal Year	\$ 5,649,869	\$ 856,758	\$ -	\$ 615,422	\$ 7,122,049

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2019

	Business-Type Activities - Enterprise Funds				Totals
	Stormwater	Refuse	County Parking Lot	State Pier and Parking Lot	
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 439,464	\$ 4,131,064	\$ 815,801	\$ 589,737	\$ 5,976,066
Cash paid to suppliers for goods and services	(839,538)	(3,687,410)	(518,241)	(1,138,887)	(6,184,076)
Cash paid to employees for services	(110,853)	(118,313)	(29,869)	(64,113)	(323,148)
Net Cash Provided (Used) by Operating Activities	(510,927)	325,341	267,691	(613,263)	(531,158)
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	-	-	(263,873)	-	(263,873)
Cash transfers in	1,273,783	-	-	-	1,273,783
Grant Subsidy	-	28,271	-	-	28,271
Net Cash Provided (Used) by Non-Capital Financing Activities	1,273,783	28,271	(263,873)	-	1,038,181
Cash Flows from Investing Activities:					
Interest received	47,067	42,587	-	49,130	138,784
Net Cash Provided (Used) by Investing Activities	47,067	42,587	-	49,130	138,784
Net Increase (Decrease) in Cash and Cash Equivalents	809,923	396,199	3,818	(564,133)	645,807
Cash and Cash Equivalents at Beginning of Year	1,615,309	891,494	366,673	1,358,396	4,231,872
Cash and Cash Equivalents at End of Year	\$ 2,425,232	\$ 1,287,693	\$ 370,491	\$ 794,263	\$ 4,877,679
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (702,283)	\$ 21,841	\$ 258,415	\$ (98,687)	\$ (520,714)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	151,497	-	-	-	151,497
(Increase) decrease in accounts receivable	664	(10)	-	-	654
(Increase) decrease in net OPEB asset	-	(215)	(69)	(69)	(353)
Increase (decrease) in accounts payable	(18,905)	290,954	7,341	(397,277)	(117,887)
Increase (decrease) in accrued payables	(39,924)	-	-	(34,246)	(74,170)
Increase (decrease) in deposits payable	88,694	-	-	(84,986)	3,708
Increase (decrease) in net pension liability	843	8,767	(2,436)	(2,438)	4,736
Increase (decrease) in deferred pension related items	8,487	4,108	4,473	4,473	21,541
Increase (decrease) in deferred OPEB related items	-	(104)	(33)	(33)	(170)
Total Adjustments	191,356	303,500	9,276	(514,576)	(10,444)
Net Cash Provided (Used) by Operating Activities	\$ (510,927)	\$ 325,341	\$ 267,691	\$ (613,263)	\$ (531,158)

Non-Cash Investing, Capital, and Financing Activities:

There was no non-cash investing, capital and financing activities during the fiscal year.

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CITY OF MANHATTAN BEACH

JUNE 30, 2019

INTERNAL SERVICE FUNDS

Internal Service Funds have been established to finance, administer and account for the provision of goods and services to all funds and all departments on a cost-reimbursement basis.

Insurance Reserve Fund is used to account for the City's self-insured workers' compensation and general liability programs. The fund collects premiums from departments based on claims history.

Information Systems Fund is used to account for the operation, maintenance and replacement of the City's Information Systems including the citywide network and related hardware and software. Revenues are generated from charges to departments based on the number of PCs in use.

Fleet Management Fund is used to account for the operation, maintenance and replacement of City vehicles. Revenues are generated from vehicle rental charges to departments based upon the number, type and age of vehicles utilized.

Building Maintenance and Operations Fund is used to account for the operation and maintenance of certain City facilities. Revenues are generated by charges to user departments based on the number of personnel in the department.

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CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

	Governmental Activities - Internal Service Funds				Totals
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	
Assets:					
Current:					
Cash and investments	\$ 15,410,801	\$ 1,656,007	\$ 3,387,475	\$ 90,389	\$ 20,544,672
Receivables:					
Accounts	1,888	-	-	-	1,888
Prepaid costs	-	5,344	-	-	5,344
Inventories	-	-	-	70,915	70,915
Total Current Assets	<u>15,412,689</u>	<u>1,661,351</u>	<u>3,387,475</u>	<u>161,304</u>	<u>20,622,819</u>
Noncurrent:					
Net OPEB Asset	42,774	85,548	27,628	69,070	225,020
Capital assets - net of accumulated depreciation	-	-	5,146,632	-	5,146,632
Total Noncurrent Assets	<u>42,774</u>	<u>85,548</u>	<u>5,174,260</u>	<u>69,070</u>	<u>5,371,652</u>
Total Assets	<u>15,455,463</u>	<u>1,746,899</u>	<u>8,561,735</u>	<u>230,374</u>	<u>25,994,471</u>
Deferred Outflows of Resources:					
Deferred pension related items	71,332	222,857	100,565	135,981	530,735
Deferred OPEB related items	274	547	166	415	1,402
Total Deferred Outflows of Resources	<u>71,606</u>	<u>223,404</u>	<u>100,731</u>	<u>136,396</u>	<u>532,137</u>
Liabilities:					
Current:					
Accounts payable	9,934	114,748	86,977	89,184	300,843
Accrued liabilities	-	6,645	-	1,205	7,850
Workers' compensation claims	9,191,172	-	-	-	9,191,172
Accrued claims and judgments	1,339,864	-	-	-	1,339,864
Total Current Liabilities	<u>10,540,970</u>	<u>121,393</u>	<u>86,977</u>	<u>90,389</u>	<u>10,839,729</u>
Noncurrent:					
Net pension liability	311,494	943,787	402,139	570,068	2,227,488
Workers' compensation claims	6,000,891	-	-	-	6,000,891
Accrued claims and judgments	664,395	-	-	-	664,395
Total Noncurrent Liabilities	<u>6,976,780</u>	<u>943,787</u>	<u>402,139</u>	<u>570,068</u>	<u>8,892,774</u>
Total Liabilities	<u>17,517,750</u>	<u>1,065,180</u>	<u>489,116</u>	<u>660,457</u>	<u>19,732,503</u>
Deferred Inflows of Resources:					
Deferred pension related items	15,392	51,953	23,845	33,382	124,572
Total Deferred Inflows of Resources	<u>15,392</u>	<u>51,953</u>	<u>23,845</u>	<u>33,382</u>	<u>124,572</u>
Net Position:					
Net investment in capital assets	-	-	5,146,632	-	5,146,632
Unrestricted	(2,006,073)	853,170	3,002,873	(327,069)	1,522,901
Total Net Position	<u>\$ (2,006,073)</u>	<u>\$ 853,170</u>	<u>\$ 8,149,505</u>	<u>\$ (327,069)</u>	<u>\$ 6,669,533</u>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				Totals
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	
Operating Revenues:					
Interdepartmental service charges	\$ 6,814,512	\$ 2,718,132	\$ 2,313,338	\$ 1,750,378	\$ 13,596,360
Miscellaneous	238,628	1,107	31,812	-	271,547
Total Operating Revenues	7,053,140	2,719,239	2,345,150	1,750,378	13,867,907
Operating Expenses:					
Salaries	347,310	902,283	276,855	418,093	1,944,541
Employee benefits	144,771	384,633	136,465	175,245	841,114
Contract for professional services	162,090	409,489	232,902	623,413	1,427,894
Materials and services	294,134	819,052	529,374	466,500	2,109,060
Utilities	583	3,518	-	98,816	102,917
Claims expense	5,100,797	-	-	-	5,100,797
Depreciation expense	-	-	947,154	-	947,154
Total Operating Expenses	6,049,685	2,518,975	2,122,750	1,782,067	12,473,477
Operating Income (Loss)	1,003,455	200,264	222,400	(31,689)	1,394,430
Nonoperating Revenues (Expenses):					
Gain (loss) on disposal of capital assets	-	-	24,387	-	24,387
Total Nonoperating Revenues (Expenses)	-	-	24,387	-	24,387
Income (Loss) Before Transfers	1,003,455	200,264	246,787	(31,689)	1,418,817
Transfers in	-	600,299	158,107	-	758,406
Transfers out	(20,346)	-	-	-	(20,346)
Changes in Net Position	983,109	800,563	404,894	(31,689)	2,156,877
Net Position:					
Beginning of Year	(2,989,182)	52,607	7,744,611	(295,380)	4,512,656
End of Fiscal Year	\$ (2,006,073)	\$ 853,170	\$ 8,149,505	\$ (327,069)	\$ 6,669,533

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2019

	Governmental Activities - Internal Service Funds				
	Insurance Reserve	Information Systems	Fleet Management	Building Maintenance and Operations	Totals
Cash Flows from Operating Activities:					
Cash received from customers and users	\$ 236,740	\$ 1,107	\$ 31,812	\$ -	\$ 269,659
Cash received from/(paid to) interfund service provided	6,814,512	2,718,132	2,313,338	1,750,378	13,596,360
Cash paid to suppliers for goods and services	(5,474,810)	(1,197,482)	(733,995)	(1,167,432)	(8,573,719)
Cash paid to employees for services	(464,559)	(1,225,247)	(403,309)	(572,584)	(2,665,699)
Net Cash Provided (Used) by Operating Activities	1,111,883	296,510	1,207,846	10,362	2,626,601
Cash Flows from Non-Capital Financing Activities:					
Cash transfers out	(20,346)	-	-	-	(20,346)
Cash transfers in	-	600,299	158,107	-	758,406
Net Cash Provided (Used) by Non-Capital Financing Activities	(20,346)	600,299	158,107	-	738,060
Cash Flows from Capital and Related Financing Activities:					
Acquisition and construction of capital assets	-	-	(1,414,100)	-	(1,414,100)
Proceeds from sales of capital assets	-	-	47,588	-	47,588
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	(1,366,512)	-	(1,366,512)
Net Increase (Decrease) in Cash and Cash Equivalents	1,091,537	896,809	(559)	10,362	1,998,149
Cash and Cash Equivalents at Beginning of Year	14,319,264	759,198	3,388,034	80,027	18,546,523
Cash and Cash Equivalents at End of Year	\$ 15,410,801	\$ 1,656,007	\$ 3,387,475	\$ 90,389	\$ 20,544,672
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ 1,003,455	\$ 200,264	\$ 222,400	\$ (31,689)	\$ 1,394,430
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:					
Depreciation	-	-	947,154	-	947,154
(Increase) decrease in accounts receivable	(1,888)	-	-	-	(1,888)
(Increase) decrease in prepaid expense	861	10,380	-	-	11,241
(Increase) decrease in Net OPEB Assest	(843)	(1,137)	(345)	(861)	(3,186)
(Increase) decrease in inventory	-	-	-	13,521	13,521
Increase (decrease) in accounts payable	4,537	24,197	28,281	7,776	64,791
Increase (decrease) in accrued payables	(825)	6,645	-	(1,441)	4,379
Increase (decrease) in net pension liability	(51,378)	(32,980)	18,898	31,275	(34,185)
Increase (decrease) in deferred pension related items	80,568	89,688	(8,376)	(7,804)	154,076
Increase (decrease) in deferred OPEB related items	-	(547)	(166)	(415)	(1,128)
Increase (decrease) in workers' compensation claims	213,772	-	-	-	213,772
Increase (decrease) in claims and judgments	(136,376)	-	-	-	(136,376)
Total Adjustments	108,428	96,246	985,446	42,051	1,232,171
Net Cash Provided (Used) by Operating Activities	\$ 1,111,883	\$ 296,510	\$ 1,207,846	\$ 10,362	\$ 2,626,601

Non-Cash Investing, Capital, and Financing Activities:

There was no non-cash investing, capital and financing activities during the fiscal year.

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CITY OF MANHATTAN BEACH

JUNE 30, 2019

AGENCY FUNDS

Agency funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Special Assessment Redemption Fund is used to account for special assessment collections for debt service for the underground assessment bonds that the City remits to the fiscal agent.

Special Deposits Fund is used to account for 401(k) plan deposits, utility development deposits, art development fees and other miscellaneous deposits.

CITY OF MANHATTAN BEACH

COMBINING BALANCE SHEET
ALL AGENCY FUNDS
JUNE 30, 2019

	<u>Special Assessment Redemption</u>	<u>Special Deposits</u>	<u>Totals</u>
Assets:			
Pooled cash and investments	\$ 947,369	\$ 1,993,122	\$ 2,940,491
Receivables:			
Accounts	22,231	-	22,231
Restricted assets:			
Cash and investments with fiscal agents	523,916	-	523,916
Total Assets	<u>\$ 1,493,516</u>	<u>\$ 1,993,122</u>	<u>\$ 3,486,638</u>
Liabilities:			
Accounts payable	\$ -	\$ 475	\$ 475
Art development fees	-	1,975,954	1,975,954
Deposits payable	-	16,693	16,693
Due to bond holders	1,493,516	-	1,493,516
Total Liabilities	<u>\$ 1,493,516</u>	<u>\$ 1,993,122</u>	<u>\$ 3,486,638</u>

CITY OF MANHATTAN BEACH

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2019

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Special Assessment Redemption</u>				
Assets:				
Pooled cash and investments	\$ 337,070	\$ 761,862	\$ 151,563	\$ 947,369
Receivables:				
Accounts	27,447	22,231	27,447	22,231
Restricted assets:				
Cash and investments with fiscal agents	529,649	164,266	169,999	523,916
Total Assets	\$ 894,166	\$ 948,359	\$ 349,009	\$ 1,493,516
Liabilities:				
Due to bondholders	\$ 894,166	\$ 768,451	\$ 169,101	\$ 1,493,516
Total Liabilities	\$ 894,166	\$ 768,451	\$ 169,101	\$ 1,493,516
<u>Special Deposits</u>				
Assets:				
Pooled cash and investments	\$ 1,414,887	\$ 889,552	\$ 311,317	\$ 1,993,122
Total Assets	\$ 1,414,887	\$ 889,552	\$ 311,317	\$ 1,993,122
Liabilities:				
Accounts payable	\$ 3	\$ 80,829	\$ 80,357	\$ 475
Art development fees	1,392,959	674,077	91,082	1,975,954
Deposits payable	21,925	215,235	220,467	16,693
Total Liabilities	\$ 1,414,887	\$ 970,141	\$ 391,906	\$ 1,993,122
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 1,751,957	\$ 1,651,414	\$ 462,880	\$ 2,940,491
Receivables:				
Accounts	27,447	22,231	27,447	22,231
Restricted assets:				
Cash and investments with fiscal agents	529,649	164,266	169,999	523,916
Total Assets	\$ 2,309,053	\$ 1,837,911	\$ 660,326	\$ 3,486,638
Liabilities:				
Accounts payable	\$ 3	\$ 80,829	\$ 80,357	\$ 475
Art development fees	1,392,959	674,077	91,082	1,975,954
Deposits payable	21,925	215,235	220,467	16,693
Due to bond holders	894,166	768,451	169,101	1,493,516
Total Liabilities	\$ 2,309,053	\$ 1,738,592	\$ 561,007	\$ 3,486,638

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Statistical Section (Unaudited)

This part of the City's Statistical's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

A-2 to A-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

A-6 to A-14

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

A-15 to A-18

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

A-19 to A-21

Operating & Other Information

These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.

A-22 to A-25

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in FY2002-2003; schedules presenting government-wide information include information beginning in that year. Where ever possible and practical the City provided historical data as far back as ten years.*

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Statistical Section

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.

City of Manhattan Beach
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities					
Net Investment in capital assets	\$ 94,713,693	\$ 93,795,303	\$ 93,795,301	\$ 98,930,447	\$ 100,924,816
Restricted:					
Debt Service & Restricted Cash	1,960,662	1,999,346	2,062,187	1,130,434	977,888
Special Revenue Funds	6,651,292	7,479,933	9,122,955	9,065,922	10,266,913
Post-Employment Benefits	-	-	-	-	-
Total Restricted	8,611,954	9,479,279	11,185,142	10,196,356	11,244,801
Unrestricted (1,2)	29,916,356	31,513,669	29,224,129	31,058,162	31,714,367
Total governmental activities net position	<u>\$ 133,242,003</u>	<u>\$ 134,788,251</u>	<u>\$ 134,204,572</u>	<u>\$ 140,184,965</u>	<u>\$ 143,883,984</u>
Business-type activities					
Net Investment in capital assets	\$ 25,485,791	\$ 27,111,091	\$ 28,293,829	\$ 33,902,701	\$ 34,342,910
Restricted:					
Business Improvement district	508,617	517,072	523,928	520,514	532,510
Debt Service & Restricted Cash	1,221,763	1,208,833	1,210,125	-	215,656
Total Restricted	1,730,380	1,725,905	1,734,053	520,514	748,166
Unrestricted	12,384,155	13,385,526	17,942,198	21,754,310	29,522,345
Total business-type activities net position	<u>\$ 39,600,326</u>	<u>\$ 42,222,522</u>	<u>\$ 47,970,080</u>	<u>\$ 56,177,525</u>	<u>\$ 64,613,421</u>
Primary government					
Net Investment in capital assets	\$ 120,199,484	\$ 120,906,394	\$ 122,089,130	\$ 132,833,148	\$ 135,267,726
Restricted:					
Business Improvement district	508,617	517,072	523,928	520,514	532,510
Debt Service & Restricted Cash	3,182,425	3,208,179	3,272,312	1,130,434	1,193,544
Special Revenue Funds	6,651,292	7,479,933	9,122,955	9,065,922	10,266,913
Post-Employment Benefits	-	-	-	-	-
Total Restricted	10,342,334	3,725,251	3,796,240	1,650,948	1,726,054
Unrestricted	42,300,511	44,899,195	47,166,327	52,812,472	61,236,712
Total primary government net position	<u>\$ 172,842,329</u>	<u>\$ 169,530,840</u>	<u>\$ 173,051,697</u>	<u>\$ 187,296,568</u>	<u>\$ 198,230,492</u>

(1) Starting in Fiscal Year ending June 30, 2015, activities reflect pension expense in accordance with GASB 68.

(2) Starting in Fiscal Year ending June 30, 2018, activities reflect OPEB pronouncements in accordance with GASB 75.

City of Manhattan Beach
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit A-2

	Fiscal Year Ending				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Governmental activities					
Net Investment in capital assets	\$ 101,159,813	\$ 102,028,495	\$ 103,345,895	\$ 103,659,026	\$ 111,406,609
Restricted:					
Debt Service & Restricted Cash	32,566	12,586	-	-	-
Special Revenue Funds	10,186,991	10,784,745	11,329,103	9,897,701	7,004,222
Post-Employment Benefits	-	-	-	763,621	1,068,946
Total Restricted	<u>10,219,557</u>	<u>10,797,331</u>	<u>11,329,103</u>	<u>10,661,322</u>	<u>8,073,168</u>
Unrestricted (1,2)	<u>(17,546,716)</u>	<u>(15,597,553)</u>	<u>(16,091,037)</u>	<u>(14,862,095)</u>	<u>(19,756,174)</u>
Total governmental activities net position	<u>\$ 93,832,654</u>	<u>\$ 97,228,273</u>	<u>\$ 98,583,961</u>	<u>\$ 99,458,253</u>	<u>\$ 99,723,603</u>
Business-type activities					
Net Investment in capital assets	\$ 35,610,816	\$ 40,621,092	\$ 42,329,262	\$ 43,188,261	\$ 43,807,896
Restricted:					
Business Improvement district	546,317	541,863	552,266	553,653	571,598
Debt Service & Restricted Cash	<u>204,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Restricted	751,173	541,863	552,266	553,653	571,598
Unrestricted	<u>36,006,212</u>	<u>38,979,894</u>	<u>43,669,078</u>	<u>48,387,171</u>	<u>56,303,666</u>
Total business-type activities net position	<u>\$ 72,368,201</u>	<u>\$ 80,142,849</u>	<u>\$ 86,550,606</u>	<u>\$ 92,129,085</u>	<u>\$ 100,683,160</u>
Primary government					
Net Investment in capital assets	\$ 136,770,629	\$ 142,649,587	\$ 145,675,157	\$ 146,847,287	\$ 155,214,505
Restricted:					
Business Improvement district	546,317	541,863	552,266	553,653	571,598
Debt Service & Restricted Cash	237,422	12,586	-	-	-
Special Revenue Funds	10,186,991	10,784,745	11,329,103	9,897,701	7,004,222
Post-Employment Benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>763,621</u>	<u>1,068,946</u>
Total Restricted	783,739	554,449	552,266	11,214,975	8,644,766
Unrestricted	<u>18,459,496</u>	<u>23,382,341</u>	<u>27,578,041</u>	<u>33,525,076</u>	<u>36,547,492</u>
Total primary government net position	<u>\$ 156,013,864</u>	<u>\$ 166,586,377</u>	<u>\$ 173,805,464</u>	<u>\$ 191,587,338</u>	<u>\$ 200,406,763</u>

Source: City of Manhattan Beach Finance Department Historical CAFRs

City of Manhattan Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses					
Governmental activities:					
General government	\$ 10,308,925	\$ 9,464,347	\$ 9,489,937	\$ 8,659,381	\$ 11,102,480
Public Safety	28,879,836	30,686,086	32,190,597	33,374,733	34,955,520
Culture and recreation	5,853,076	6,018,205	5,761,135	5,798,599	7,062,072
Public Works	7,906,172	8,338,105	8,369,506	8,044,071	7,256,983
Interest on long-term debt	811,710	769,374	820,494	791,358	384,950
Total governmental activities expenses	<u>53,759,719</u>	<u>55,276,117</u>	<u>56,631,669</u>	<u>56,668,142</u>	<u>60,762,005</u>
Business-type activities:					
Water	8,214,250	8,326,398	8,523,452	8,857,744	9,235,903
Stormwater	374,513	410,188	752,257	402,914	765,387
Wastewater	1,685,881	1,692,812	1,740,453	2,024,852	2,068,755
Refuse	4,282,026	4,386,842	4,205,443	4,167,310	3,900,588
Parking	2,190,580	2,352,386	2,888,269	3,385,556	2,963,610
Total business-type activities expenses	<u>16,747,250</u>	<u>17,168,626</u>	<u>18,109,874</u>	<u>18,838,376</u>	<u>18,934,243</u>
Total primary government expenses	<u>\$ 70,506,969</u>	<u>\$ 72,444,743</u>	<u>\$ 74,741,543</u>	<u>\$ 75,506,518</u>	<u>\$ 79,696,248</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 4,085,381	\$ 3,883,959	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743
Public Safety	4,576,210	4,765,404	4,783,038	5,172,443	4,154,836
Parks and recreation	2,577,883	3,029,554	2,805,841	2,470,359	2,798,673
Public works	2,512,225	3,440,572	4,134,599	3,792,239	3,563,085
Operating grants and contributions	2,224,949	1,322,867	1,183,103	1,847,316	1,638,522
Capital grants and contributions	1,399,366	1,504,759	2,554,310	2,032,724	2,314,830
Total governmental activities program revenues	<u>17,376,014</u>	<u>17,947,115</u>	<u>19,684,296</u>	<u>19,850,580</u>	<u>19,420,689</u>
Business-type activities:					
Charges for services:					
Water	7,887,900	9,557,717	12,578,908	14,916,283	16,275,584
Stormwater	360,926	347,602	352,860	345,821	344,556
Wastewater	1,820,756	2,620,669	3,087,150	3,406,077	3,626,144
Refuse	4,110,342	4,189,639	4,363,739	4,426,190	3,965,882
Parking	2,544,834	3,008,206	3,396,749	3,506,309	3,761,948
Operating grants and contributions	-	19,638	33,209	69,937	19,880
Capital grants and contributions	57,398	-	-	500,000	-
Total business-type activities program revenues	<u>16,782,156</u>	<u>19,743,471</u>	<u>23,812,615</u>	<u>27,170,617</u>	<u>27,993,994</u>

Fiscal Year Ending					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	
\$ 12,276,294	\$ 13,318,679	\$ 13,812,252	\$ 15,510,329	\$ 15,887,856	
37,098,767	37,458,469	41,381,149	43,350,463	46,314,516	
7,707,656	8,476,953	9,020,080	9,895,447	9,922,148	
9,084,861	8,396,503	9,572,971	10,188,714	10,805,410	
428,406	416,551	616,179	465,472	439,858	
<u>66,595,984</u>	<u>68,067,155</u>	<u>74,402,631</u>	<u>79,410,425</u>	<u>83,369,788</u>	
9,133,069	9,851,136	10,729,445	11,305,635	12,141,933	
778,084	1,117,244	1,005,835	1,657,886	1,052,389	
1,679,545	1,383,922	1,430,253	1,454,510	1,754,562	
4,011,830	4,110,197	3,999,131	4,223,690	4,109,233	
3,160,043	4,000,175	3,785,249	4,463,751	3,561,198	
<u>18,762,571</u>	<u>20,462,674</u>	<u>20,949,913</u>	<u>23,105,472</u>	<u>22,619,315</u>	
<u>\$ 85,358,555</u>	<u>\$ 88,529,829</u>	<u>\$ 95,352,544</u>	<u>\$ 102,515,897</u>	<u>\$ 105,989,103</u>	
\$ 5,814,648	\$ 5,859,027	\$ 7,099,310	\$ 4,198,331	\$ 6,495,480	
4,309,976	4,182,052	4,173,082	4,586,742	3,538,806	
3,034,335	3,135,249	3,420,580	3,731,563	3,757,047	
4,074,858	4,253,809	5,293,202	6,831,671	5,540,348	
1,739,455	1,587,534	2,304,536	3,253,902	2,190,097	
2,724,621	2,316,956	1,850,921	2,461,094	4,046,717	
<u>21,697,893</u>	<u>21,334,627</u>	<u>24,141,631</u>	<u>25,063,303</u>	<u>25,568,495</u>	
16,101,667	14,514,443	14,670,316	15,527,415	15,424,972	
353,616	345,736	348,880	349,888	350,106	
3,562,456	3,281,179	3,293,933	3,417,772	3,462,973	
4,063,886	4,242,316	4,205,361	4,306,957	4,131,074	
3,899,746	3,828,054	3,715,624	3,862,585	4,439,452	
10,020	19,611	9,353	331,705	117,833	
-	850,000	-	-	-	
<u>27,991,391</u>	<u>27,081,339</u>	<u>26,243,467</u>	<u>27,796,322</u>	<u>27,926,410</u>	

Source: City of Manhattan Beach Finance Department Historical CAFRs

City of Manhattan Beach
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net (Expense)/Revenue					
Governmental activities (1,2)	\$ (36,383,705)	\$ (37,329,002)	\$ (36,947,373)	\$ (36,817,562)	\$ (41,341,316)
Business-type activities (1,2)	34,906	2,574,845	5,702,741	8,332,241	9,059,751
Total primary government net expense	<u>\$ (36,348,799)</u>	<u>\$ (34,754,157)</u>	<u>\$ (31,244,632)</u>	<u>\$ (28,485,321)</u>	<u>\$ (32,281,565)</u>
General Revenues and Other Changes					
Governmental activities:					
Taxes					
Property taxes	\$ 20,006,558	\$ 19,791,425	\$ 20,408,314	\$ 21,626,173	\$ 23,353,743
Sales taxes	7,646,109	8,148,688	8,788,599	9,103,160	8,921,346
Transient occupancy tax	3,174,319	3,229,823	3,240,364	3,881,174	4,289,009
Motor vehicle in lieu tax	108,815	118,296	95,915	18,887	15,631
Business license tax	2,783,641	2,844,066	3,018,177	3,124,644	3,140,273
Franchise taxes	1,220,171	1,289,443	1,335,815	1,471,197	1,441,769
Real estate transfer taxes	356,367	473,275	521,274	587,399	642,718
Rental income	1,925,895	2,029,355	2,087,648	2,406,174	2,554,820
Investment earnings	476,463	696,066	603,334	226,951	480,568
Other	150,229	148,451	151,219	151,613	-
Transfers	134,753	106,362	99,884	200,583	200,458
Total governmental activities	<u>37,983,320</u>	<u>38,875,250</u>	<u>40,350,543</u>	<u>42,797,955</u>	<u>45,040,335</u>
Business-type activities:					
Investment earnings	260,234	153,713	144,701	56,266	151,923
Transfers	(134,753)	(106,362)	(99,884)	(200,583)	(200,458)
Other	-	-	-	19,521	43,388
Total business-type activities	<u>125,481</u>	<u>47,351</u>	<u>44,817</u>	<u>(124,796)</u>	<u>(5,147)</u>
Total primary government	<u>\$ 38,108,801</u>	<u>\$ 38,922,601</u>	<u>\$ 40,395,360</u>	<u>\$ 42,673,159</u>	<u>\$ 45,035,188</u>
Change in Net Position					
Governmental activities	\$ 1,599,615	\$ 1,546,248	\$ 3,403,170	\$ 5,980,393	\$ 3,699,019
Business-type activities	160,387	2,622,196	5,747,558	8,207,445	9,054,604
Total primary government	<u>\$ 1,760,002</u>	<u>\$ 4,168,444</u>	<u>\$ 9,150,728</u>	<u>\$ 14,187,838</u>	<u>\$ 12,753,623</u>

(1) Starting in Fiscal Year ending June 30, 2015, activities reflect pension expense in accordance with GASB 68

(2) Starting in Fiscal Year ending June 30, 2018, activities reflect OPEB pronouncements in accordance with GASB 75

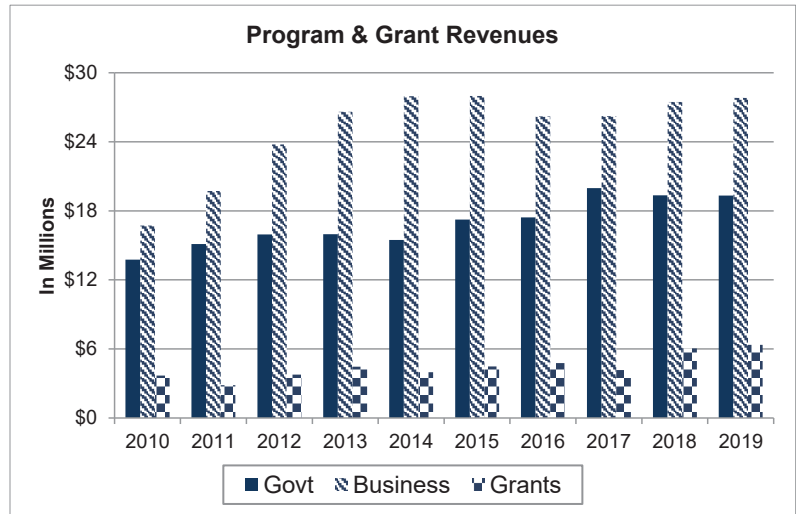
Exhibit A-3
Continued

Fiscal Year Ending				
2015	2016	2017	2018	2019
\$ (44,898,091)	\$ (46,732,528)	\$ (50,261,000)	\$ (54,347,122)	\$ (57,801,293)
9,228,820	6,618,665	5,293,554	4,690,850	5,307,095
<u>\$ (35,669,271)</u>	<u>\$ (40,113,863)</u>	<u>\$ (44,967,446)</u>	<u>\$ (49,656,272)</u>	<u>\$ (52,494,198)</u>
\$ 24,435,184	\$ 26,344,276	\$ 28,215,709	\$ 30,318,225	\$ 32,107,341
9,268,657	8,826,767	9,088,502	9,083,389	9,734,444
4,809,421	5,139,425	5,201,518	4,429,080	5,140,858
15,099	14,430	15,812	18,680	17,276
3,376,113	3,475,792	3,658,194	3,718,418	4,053,020
1,539,453	1,439,957	1,256,125	1,262,037	1,234,752
720,826	850,974	776,298	788,203	1,013,516
2,751,302	3,028,151	3,299,373	2,402,463	3,394,762
433,200	841,905	195,755	413,405	2,352,641
111,382	809,976	724,240	10,345	27,943
250,324	(643,506)	(814,838)	(735,737)	(1,009,910)
<u>47,710,961</u>	<u>50,128,147</u>	<u>51,616,688</u>	<u>51,708,508</u>	<u>58,066,643</u>
273,944	479,475	70,885	224,471	2,237,070
(250,324)	643,506	814,838	735,737	1,009,910
74,643	60,678	258,030	2,580	-
98,263	1,183,659	1,143,753	962,788	3,246,980
<u>\$ 47,809,224</u>	<u>\$ 51,311,806</u>	<u>\$ 52,760,441</u>	<u>\$ 52,671,296</u>	<u>\$ 61,313,623</u>
\$ 2,812,870	\$ 3,395,619	\$ 1,355,688	\$ (2,638,614)	\$ 265,350
9,327,083	7,802,324	6,437,307	5,653,638	8,554,075
<u>\$ 12,139,953</u>	<u>\$ 11,197,943</u>	<u>\$ 7,792,995</u>	<u>\$ 3,015,024</u>	<u>\$ 8,819,425</u>

Source: City of Manhattan Beach Finance Department Historical CAFRs

City of Manhattan Beach
Program Revenues by Function/Program,
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 4,085,381	\$ 3,883,959	\$ 4,223,405	\$ 4,535,499	\$ 4,950,743
Public Safety	4,576,210	4,765,404	4,783,038	5,172,443	4,154,836
Culture and recreation	2,577,883	3,029,554	2,805,841	2,470,359	2,798,673
Public works	2,512,225	3,440,572	4,134,599	3,792,239	3,563,085
Operating grants and contributions	2,224,949	1,322,867	1,183,103	1,847,316	1,638,522
Capital grants and contributions	1,399,366	1,504,759	2,554,310	2,032,724	2,314,830
Total governmental activities program revenues	17,376,014	17,947,115	19,684,296	19,850,580	19,420,689
Business-type activities:					
Charges for services:					
Water	7,887,900	9,557,717	12,578,908	14,916,283	16,275,584
Stormwater	360,926	347,602	352,860	345,821	344,556
Wastewater	1,820,756	2,620,669	3,087,150	3,406,077	3,626,144
Refuse	4,110,342	4,189,639	4,363,739	4,426,190	3,965,882
Parking	2,544,834	3,008,206	3,396,749	3,506,309	3,761,948
Operating grants and contributions	-	19,638	33,209	69,937	19,880
Capital grants and contributions	57,398	-	-	500,000	-
Total business-type activities program revenues	16,782,156	19,743,471	23,812,615	27,170,617	27,993,994
Total primary government program revenues	\$ 34,158,170	\$ 37,690,586	\$ 43,496,911	\$ 47,021,197	\$ 47,414,683



Source: City of Manhattan Beach Finance department historical CAFRs

City of Manhattan Beach
 Program Revenues by Function/Program,
 Last Ten Fiscal Years
 (accrual basis of accounting)

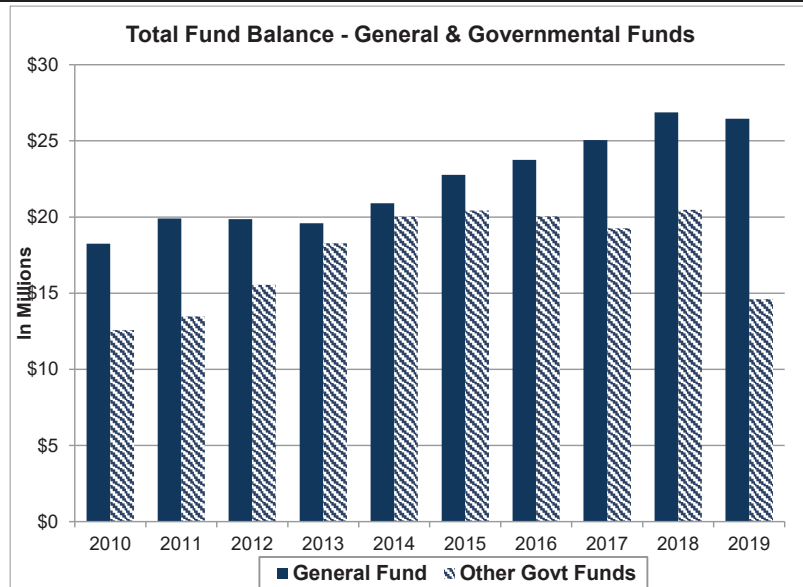
Exhibit A-4

	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General Government	\$ 5,814,648	\$ 5,859,027	\$ 7,099,310	\$ 4,198,331	\$ 6,495,480
Public Safety	4,309,976	4,182,052	4,173,082	4,586,742	3,538,806
Culture and recreation	3,034,335	3,135,249	3,420,580	3,731,563	3,757,047
Public works	4,074,858	4,253,809	5,293,202	6,831,671	5,540,348
Operating grants and contributions	1,739,455	1,587,534	2,304,536	3,253,902	2,190,097
Capital grants and contributions	2,724,621	2,316,956	1,850,921	2,461,094	4,046,717
Total governmental activities program revenues	21,697,893	21,334,627	24,141,631	25,063,303	25,568,495
Business-type activities:					
Charges for services:					
Water	16,101,667	14,514,443	14,670,316	15,527,415	15,424,972
Stormwater	353,616	345,736	348,880	349,888	350,106
Wastewater	3,562,456	3,281,179	3,293,933	3,417,772	3,462,973
Refuse	4,063,886	4,242,316	4,205,361	4,306,957	4,131,074
Parking	3,899,746	3,828,054	3,715,624	3,862,585	4,439,452
Operating grants and contributions	10,020	19,611	9,353	331,705	117,833
Capital grants and contributions	-	850,000	-	-	-
Total business-type activities program revenues	27,991,391	27,081,339	26,243,467	27,796,322	27,926,410
Total primary government program revenues	\$ 49,689,284	\$ 48,415,966	\$ 50,385,098	\$ 52,859,625	\$ 53,494,905

Source: City of Manhattan Beach Finance department historical CAFRs

City of Manhattan Beach
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund					
Reserved					
Debt service & restricted cash	\$ 1,143,587	-	-	-	-
Encumbrances & other items	213,938	-	-	-	-
Unreserved	16,888,308	-	-	-	-
Nonspendable					
Inventory	-	-	-	-	-
Prepaid costs	-	\$ 19,519	\$ 48,989	\$ 42,514	\$ 46,823
Notes and loans	-	432,000	432,000	432,000	1,700,000
Advances to other funds	-	-	-	22,488	-
Restricted					
Post-employment benefits	-	-	-	-	-
Debt service & restricted cash	-	1,182,271	1,245,112	1,130,434	813,407
Committed					
School safety/security	-	-	-	-	-
Unassigned	-	18,270,832	18,134,492	17,961,324	18,338,105
Total General fund	18,245,833	19,904,622	19,860,593	19,588,760	20,898,335
All Other Governmental Funds					
Reserved					
Continuing Projects	6,755,397	-	-	-	-
Debt service & restricted cash	817,075	-	-	-	-
Encumbrances & other items	393,852	-	-	-	-
Unreserved, reported in:					
Special revenue funds	2,692,575	-	-	-	-
Capital projects funds	1,925,704	-	-	-	-
Nonspendable					
Notes and loans	-	42,744	38,336	45,052	-
Advances to other funds	-	1,073,000	771,100	469,200	-
Restricted					
Public safety	-	1,247,014	1,187,562	1,073,789	1,084,541
Parks and recreation	-	80,284	107,428	179,663	-
Public works	-	3,324,947	4,558,434	4,826,828	4,546,040
Capital projects	-	2,827,688	3,269,531	3,572,234	4,636,332
Debt service	-	817,075	817,075	8,278	164,481
Committed					
Capital projects	-	4,089,866	4,823,535	8,122,690	9,617,146
Unassigned	-	(22,488)	(22,488)	(22,488)	(22,488)
Total all other governmental funds	12,584,603	13,480,130	15,550,513	18,275,246	20,026,052
Total all governmental funds	\$ 30,830,436	\$ 33,384,752	\$ 35,411,106	\$ 37,864,006	\$ 40,924,387



Source: City of Manhattan Beach Finance department historical CAFRs

City of Manhattan Beach
Fund Balances, Governmental Funds,
Last Ten Fiscal Years

Exhibit A-5

(modified accrual basis of accounting)

	Fiscal Year Ending				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund					
Reserved					
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable					
Inventory	-	-	-	-	\$ 7,167
Prepaid costs	\$ 46,080	\$ 82,138	\$ 133,786	\$ 753,765	684,023
Notes and loans	1,649,129	3,771,864	1,546,266	1,494,268	-
Advances to other funds	-	-	-	-	-
Restricted					
Post-employment benefits	-	-	-	763,621	1,068,946
Debt service & restricted cash	32,566	12,586	-	-	-
Committed					
School safety/security	-	-	-	1,000,000	-
Unassigned	21,036,975	19,883,693	23,367,583	22,860,400	24,694,460
Total General fund	22,764,750	23,750,281	25,047,635	26,872,054	26,454,596
All Other Governmental Funds					
Reserved					
Continuing Projects	-	-	-	-	-
Debt service & restricted cash	-	-	-	-	-
Encumbrances & other items	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable					
Notes and loans	58,232	-	-	-	-
Advances to other funds	-	-	-	-	-
Restricted					
Public safety	1,000,434	873,595	809,361	730,541	724,355
Parks and recreation	-	-	-	-	-
Public works	4,613,796	5,272,830	5,495,829	348,127	44,857
Capital projects	4,572,761	4,638,320	5,023,913	8,819,033	6,235,010
Debt service	-	-	-	-	-
Committed					
Capital projects	10,208,481	9,270,230	7,961,065	10,569,488	7,598,135
Unassigned	(22,488)	(22,488)	(22,488)	-	-
Total all other governmental funds	20,431,216	20,032,487	19,267,680	20,467,189	14,602,357
Total all governmental funds	\$ 43,195,966	\$ 43,782,768	\$ 44,315,315	\$ 47,339,243	\$ 41,056,953

Source: City of Manhattan Beach Finance department historical CAFRs

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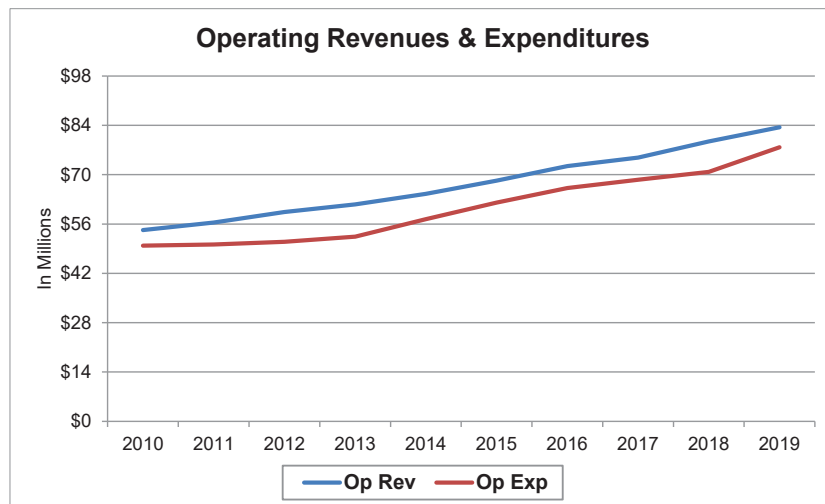
Statistical Section

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.

City of Manhattan Beach
Changes in Fund Balances
Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year Ending				
	2010	2011	2012	2013	2014
Revenues					
Tax and assessments	\$ 36,582,239	\$ 37,697,637	\$ 39,389,241	\$ 42,273,666	\$ 44,213,347
Licenses, fees, and permits	1,200,347	1,289,183	1,418,230	1,513,821	1,759,180
Intergovernmental	2,638,044	1,749,382	2,566,478	1,599,821	2,183,990
Charges for services	8,291,275	9,396,606	9,706,289	9,202,436	10,253,540
Interest and Rents	2,344,105	2,723,666	2,692,576	2,633,124	3,048,749
Fines and forfeitures	2,984,868	2,867,072	2,805,559	2,588,865	2,566,436
Net change fair value investments	58,253	(21,680)	(21,265)	(95,900)	30,910
Other revenues	192,965	751,112	878,475	1,867,612	490,870
Total revenues	54,292,096	56,452,978	59,435,583	61,583,445	64,547,022
Expenditures					
General government	9,785,663	8,660,865	8,560,273	9,101,953	10,467,524
Public Safety	28,461,175	29,176,141	30,449,560	30,470,567	33,525,828
Culture and recreation	5,699,228	6,192,471	5,552,632	5,680,001	6,831,568
Public works	5,923,828	6,149,939	6,369,092	7,155,292	6,527,537
Total operating expenditures	49,869,894	50,179,416	50,931,557	52,407,813	57,352,457
Excess of revenue over expenditures	4,422,202	6,273,562	8,504,026	9,175,632	7,194,565
Capital outlay	1,705,513	1,510,341	4,272,496	2,485,027	2,819,131
Debt service					
Interest	811,711	896,096	820,494	640,413	379,123
Principal	1,325,000	1,425,000	1,485,000	2,985,000	1,830,000
Fees					
Cost of Issuance	-	-	-	150,944	-
Payment to refunding bond escrow agent	-	-	-	821,153	-
Total Non Operating expenditures	3,842,224	3,831,437	6,577,990	7,082,537	5,028,254
Excess of revenues over expenditures	579,978	2,442,125	1,926,036	2,093,095	2,166,311
Other financing sources (Uses)					
Bonds issued	-	-	-	-	-
Premium on bonds issues	-	-	-	-	-
Proceeds from sale of capital assets	3,384	5,829	434	-	693,612
Transfers in	424,211	830,712	3,353,075	3,770,569	1,260,327
Transfers out	(289,458)	(724,350)	(3,253,191)	(3,569,986)	(1,059,869)
Other financing sources	-	-	-	11,010,846	-
Other financing uses	-	-	-	(10,851,624)	-
Total other financing sources (uses)	138,137	112,191	100,318	359,805	894,070
Prior Period Adjustment					
Net change in fund balances	718,115	2,554,316	2,026,354	2,452,900	3,060,381
Debt - % of Operating Expenditures & Debt	4.1%	4.4%	4.3%	6.5%	3.7%

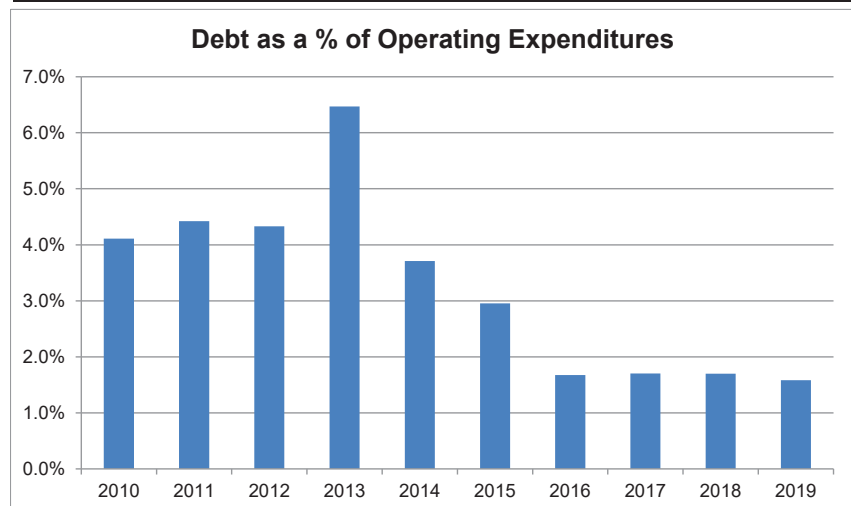


Source: City of Manhattan Beach Finance Department Historical CAFRs

City of Manhattan Beach
Changes in Fund Balances
Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-6

	Fiscal Year Ending				
	2015	2016	2017	2018	2019
Revenues					
Tax and assessments	\$ 46,601,118	\$ 48,908,825	\$ 50,405,516	\$ 52,246,911	\$ 55,981,022
Licenses, fees, and permits	2,185,871	2,812,480	2,738,149	3,383,839	3,084,603
Intergovernmental	2,495,207	2,406,440	2,093,411	3,583,892	2,725,463
Charges for services	10,362,276	10,284,762	11,724,813	12,918,156	12,743,463
Interest and Rents	3,184,502	3,870,056	3,495,128	2,815,868	5,747,403
Fines and forfeitures	2,637,538	2,615,306	2,599,654	2,570,974	2,051,692
Net change fair value investments	13,651	254,377	(519,971)	(518,607)	1,062,513
Other revenues	820,295	1,267,893	2,348,814	2,417,724	69,816
Total revenues	68,300,458	72,420,139	74,885,514	79,418,757	83,465,975
Expenditures					
General government	11,838,504	13,360,320	13,290,308	14,018,117	15,581,223
Public Safety	34,897,663	37,189,782	38,522,882	39,685,053	42,890,892
Culture and recreation	7,349,487	8,335,111	8,656,533	8,873,425	9,350,246
Public works	8,026,650	7,356,842	8,113,384	8,206,580	9,966,290
Total operating expenditures	62,112,304	66,242,055	68,583,107	70,783,175	77,788,651
Excess of revenue over expenditures	6,188,154	6,178,084	6,302,407	8,635,582	5,677,324
Capital outlay	2,275,709	3,153,156	3,669,140	2,979,570	8,956,807
Debt service					
Interest	412,240	403,458	442,116	479,537	456,437
Principal	1,480,000	725,000	745,000	745,000	795,000
Fees	-	-	-	4,810	3,400
Cost of Issuance	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	11,334	-	-
Total Non Operating expenditures	4,167,949	4,281,614	4,867,590	4,208,917	10,211,644
Excess of revenues over expenditures	2,020,205	1,896,470	1,434,817	4,426,665	(4,534,320)
Other financing sources (Uses)					
Bonds issued	-	-	5,905,000	-	-
Premium on bonds issues	-	-	438,570	-	-
Proceeds from sale of capital assets	1,050	838	-	-	-
Transfers in	534,480	714,082	1,685,005	639,686	1,004,433
Transfers out	(284,156)	(2,024,588)	(2,587,281)	(2,042,423)	(2,752,403)
Other financing sources	-	-	-	-	-
Other financing uses	-	-	(6,343,564)	-	-
Total other financing sources (uses)	251,374	(1,309,668)	(902,270)	(1,402,737)	(1,747,970)
Prior Period Adjustment					
Net change in fund balances	2,271,579	586,802	532,547	3,023,928	(6,282,290)
Debt - % of Operating Expenditures & Debt	3.0%	1.7%	1.7%	1.7%	1.6%



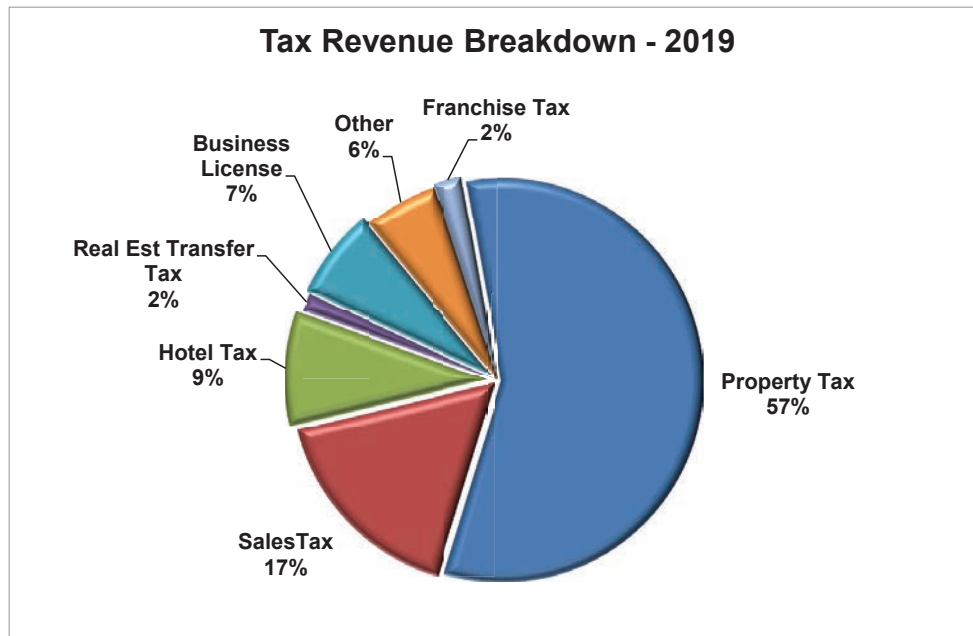
Source: City of Manhattan Beach Finance Department Historical CAFRs

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City of Manhattan Beach
Taxes & Assessment Revenues by Source, Governmental Funds, and Assessment
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit A-7

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales & Use</u>	<u>Hotel</u>	<u>Franchise</u>	<u>Real Est Transfer</u>	<u>Business License</u>	<u>Other Taxes Assessments</u>	<u>Total</u>
2019	\$ 32,107,341	\$ 9,339,304	\$ 5,140,858	\$ 1,234,752	\$ 783,516	\$ 4,053,020	\$ 3,322,231	\$ 55,981,022
2018	30,318,225	8,970,809	4,429,080	1,262,037	788,203	3,718,418	2,760,140	52,246,911
2017	28,215,709	8,962,617	5,201,518	1,256,125	756,049	3,658,194	2,355,304	50,405,516
2016	26,344,276	9,348,605	5,139,425	1,439,957	792,829	3,475,792	2,367,941	48,908,825
2015	24,435,184	9,171,515	4,809,421	1,539,453	720,826	3,376,113	2,548,606	46,601,118
2014	23,353,743	9,135,806	4,289,009	1,441,769	642,718	3,140,273	2,210,029	44,213,347
2013	21,626,173	9,103,160	3,881,174	1,471,197	587,399	3,124,644	2,479,919	42,273,666
2012	20,408,314	8,788,599	3,240,364	1,335,815	521,274	3,018,177	2,076,698	39,389,241
2011	19,791,425	8,148,688	3,229,823	1,289,443	473,280	2,844,066	1,920,912	37,697,637
2010	20,006,558	7,301,378	3,174,319	1,220,171	356,367	2,783,641	1,739,805	36,582,239
Change 2010-2019	60.5%	27.9%	62.0%	1.2%	119.9%	45.6%	91.0%	53.0%



Source: City of Manhattan Beach Finance Department Historical CAFRs

**City of Manhattan Beach
 Assessed Value and Estimated Actual Value of Taxable Property,
 Last Ten Fiscal Years**

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Property	Total Assessed Value
2010	10,279,360,710	870,969,553	286,618,511	760,569,467	12,197,518,241
2011	10,310,125,299	857,387,446	272,285,842	798,171,374	12,237,969,961
2012	10,639,403,753	900,787,632	355,749,068	624,994,067	12,520,934,520
2013	11,115,348,658	873,633,618	273,166,539	782,689,333	13,044,838,148
2014	11,778,259,052	922,429,548	275,869,861	810,528,769	13,787,087,230
2015	12,500,544,975	959,518,199	281,151,363	791,941,297	14,533,155,834
2016	13,616,966,542	1,012,547,408	293,730,521	765,998,032	15,689,242,503
2017	14,551,610,225	1,105,261,590	298,209,901	824,621,493	16,779,703,209
2018	15,552,647,698	1,171,070,581	305,302,530	888,775,373	17,917,796,182
2019	16,543,536,695	1,199,124,711	311,408,568	950,206,556	19,004,276,530

Exhibit A-8

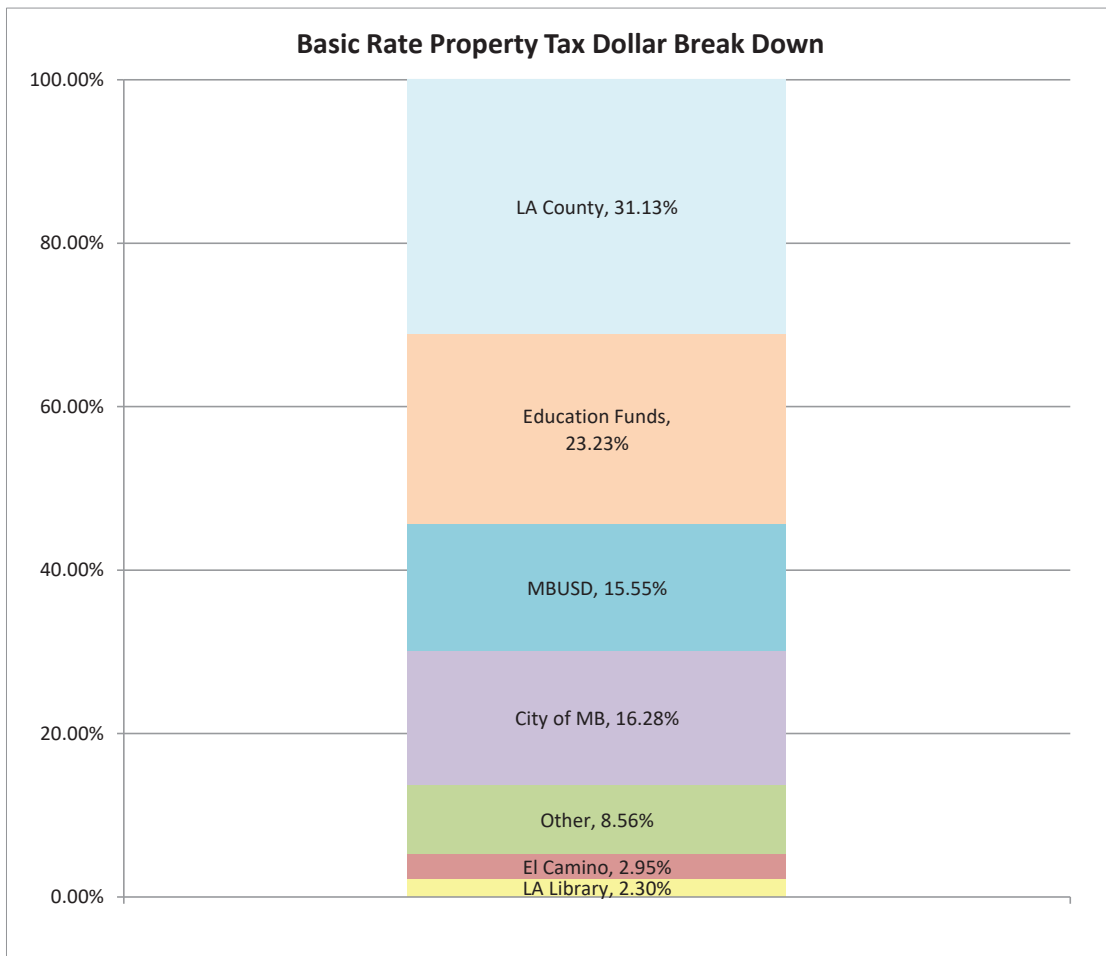
Tax-Exempt Property	Total Direct Tax Rate	Net Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
301,140,740	0.15842%	11,871,677,111	102.745%
301,140,740	0.15619%	11,913,602,319	102.723%
301,140,740	0.15928%	12,190,853,653	102.708%
301,114,939	0.15951%	12,713,329,765	102.608%
301,114,939	0.16012%	13,453,303,900	102.481%
301,114,939	0.16059%	14,196,903,333	102.368%
301,114,939	0.16127%	15,352,495,483	102.193%
301,127,715	0.16190%	16,442,347,904	102.052%
289,572,846	0.16250%	17,591,875,267	101.853%
289,572,846	0.16285%	18,676,191,358	101.757%

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**City of Manhattan Beach
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years**

Exhibit A-9

Fiscal Year	City Direct Rates		Overlapping Rates						
	General Levy (Basic Rate)	City Direct Rate	LA County	Colleges & School Districts	Metro Water District	Flood Control District	Total Overlap Rate	General Levy	Total Rate
2010	1.00000%	0.15842%	0.00000	0.05497	0.00430	0.00000	0.05927	1.00000	1.05927
2011	1.00000%	0.15619%	0.00000	0.05907	0.00370	0.00000	0.06277	1.00000	1.06277
2012	1.00000%	0.15928%	0.00000	0.06489	0.00370	0.00000	0.06859	1.00000	1.06859
2013	1.00000%	0.15951%	0.00000	0.07998	0.00350	0.00000	0.08348	1.00000	1.08348
2014	1.00000%	0.16012%	0.00000	0.08755	0.00350	0.00000	0.09105	1.00000	1.09105
2015	1.00000%	0.16059%	0.00000	0.08928	0.00350	0.00000	0.09278	1.00000	1.09278
2016	1.00000%	0.16127%	0.00000	0.08403	0.00350	0.00000	0.08753	1.00000	1.08753
2017	1.00000%	0.16190%	0.00000	0.09062	0.00350	0.00000	0.09412	1.00000	1.09412
2018	1.00000%	0.16250%	0.00000	0.11581	0.00350	0.00000	0.11931	1.00000	1.11931
2019	1.00000%	0.16285%	0.00000	0.11507	0.00350	0.00000	0.11857	1.00000	1.11857



Source: HDL Coren Cone

**City of Manhattan Beach
Principal Property Tax Payers Based on Net Values,
Current Year and Ten Years Ago**

<u>Taxpayer</u>	2018/19	
	<u>Net Value</u>	<u>Percentage of Total City Net Value</u>
Northrop Grumman Systems Corp	\$ 209,130,555	1.12%
Rreef America Reit II Corporation BBB	175,452,657	0.94%
CRP MB Studios LLC	162,604,789	0.87%
ONNI Manhattan Towers LP	99,956,430	0.54%
HMC Interstate Manhattan Beach LP	91,218,104	0.49%
Parstem Realty Company Inc	73,802,137	0.40%
Michael Greenberg Trust	56,568,974	0.30%
WH Manhattan Beach LP	55,658,240	0.30%
Skechers USA Inc.	50,556,805	0.27%
1000 Cherry OCA LLC	48,534,140	0.26%
Top Ten Total	<u>\$ 1,023,482,831</u>	<u>5.49%</u>
City Total	<u><u>\$ 18,676,191,358</u></u>	

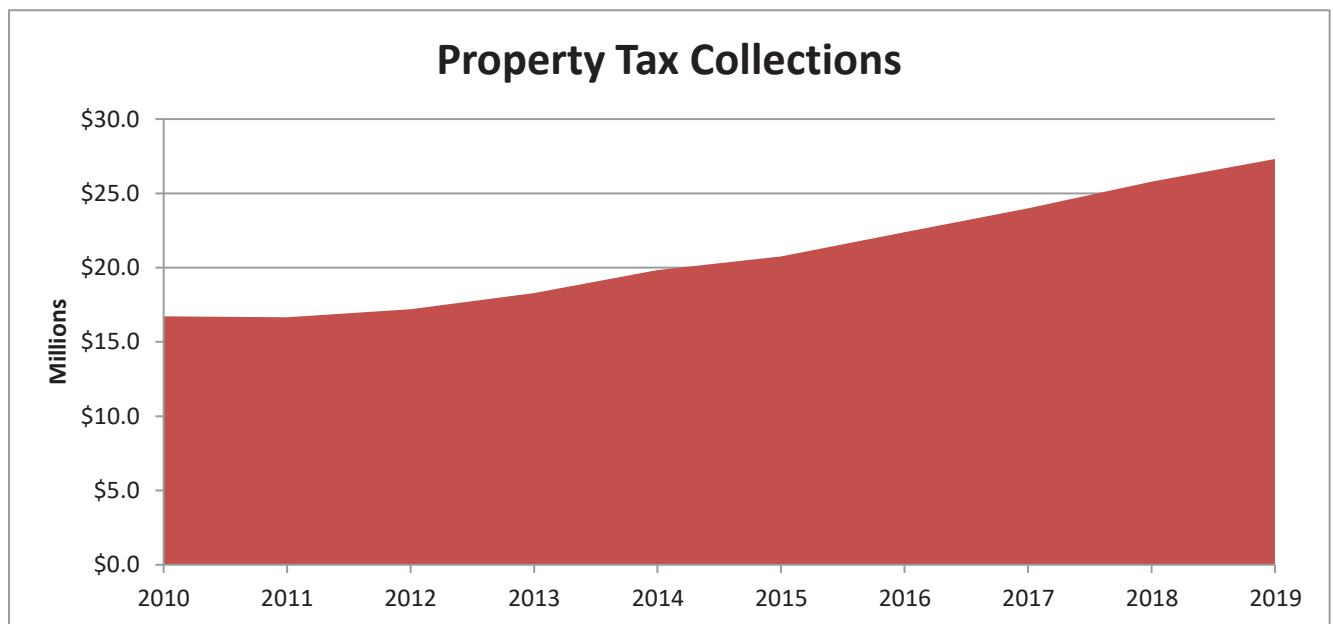
<u>Taxpayer</u>	<u>2009/10</u>	
	<u>Net Value</u>	<u>Percentage of Total City Net Value</u>
Northrop Grumman Space & Mission System	\$ 227,709,945	1.92%
Rreef America Reit II Corporation BBB	157,828,363	1.33%
CRP MB Studios LLC	156,060,000	1.31%
Wells REIT II Manhattan Towers LLC	99,229,258	0.84%
Parstem Realty Company Inc.	65,209,227	0.55%
Host Marriott Corporation Interstate	60,908,209	0.51%
Skechers USA	35,953,484	0.30%
Sun Manhattan LLC	33,446,638	0.28%
St Paul Properties Inc.	29,834,714	0.25%
Hughes Aircraft Employees Federal Cred	25,769,106	0.22%
	<u>\$ 891,948,944</u>	<u>7.51%</u>
	<u><u>\$ 11,871,677,111</u></u>	

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**City of Manhattan Beach
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit A-11

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Prior Year	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	17,041,081	16,054,348	94.21%	661,930	16,716,278	98.09%
2011	16,836,854	16,056,305	95.36%	604,649	16,660,953	98.96%
2012	17,529,077	16,865,345	96.21%	334,117	17,199,461	98.12%
2013	18,294,098	17,716,515	96.84%	569,183	18,285,698	99.95%
2014	19,402,284	19,103,356	98.46%	725,598	19,828,955	102.20%
2015	20,507,194	19,991,754	97.49%	757,337	20,749,092	101.18%
2016	22,195,519	21,697,312	97.76%	682,877	22,380,189	100.83%
2017	23,822,585	23,386,545	98.17%	596,471	23,983,016	100.67%
2018	25,520,518	25,119,981	98.43%	675,026	25,795,007	101.08%
2019	27,138,821	26,656,342	98.22%	654,244	27,310,586	100.63%

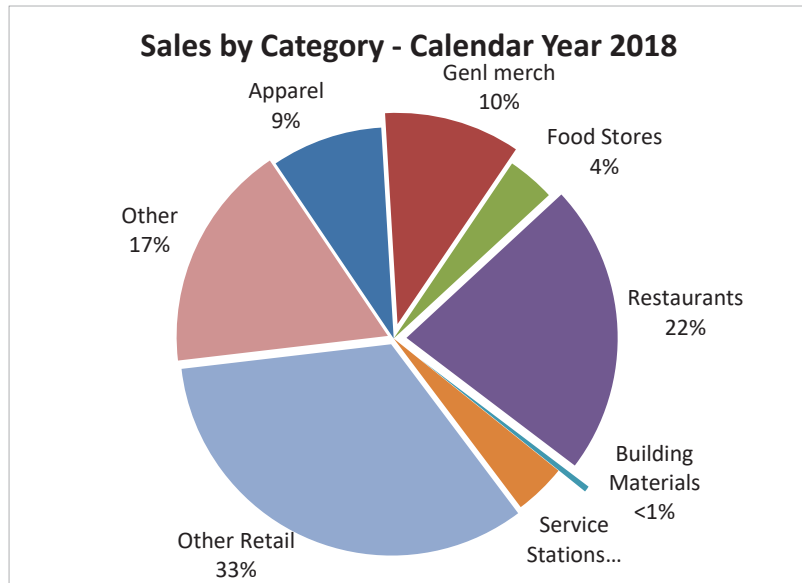


Percent of levy may be over 100% since collections include current and prior years

Source: Los Angeles County Assessor and City of Manhattan Beach Finance Department

City of Manhattan Beach
Taxable Sales by Category,
Last Ten Calendar Years
(in thousands of dollars)

	Calendar Year				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Apparel Stores	\$ 62,635	\$ 67,294	\$ 70,746	\$ 73,110	\$ 73,708
General Merchandise	104,754	101,300	103,665	104,276	106,017
Food Stores	30,399	30,040	29,743	30,351	31,819
Eating and Drinking Establishments	142,172	147,756	158,938	172,168	180,221
Building Materials	1,977	1,955	2,364	2,262	2,424
Service Stations	27,722	28,395	36,163	41,752	43,169
Other Retail Stores	267,606	280,816	288,594	303,299	305,320
All Other Outlets	105,997	169,561	221,184	247,112	252,074
Total	\$ 743,262	\$ 827,117	\$ 911,397	\$ 974,330	\$ 994,752
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%



* Calendar Year Data available through December 2018.

City of Manhattan Beach
Taxable Sales by Category,
Last Ten Calendar Years
(in thousands of dollars)

Exhibit A-12

	Calendar Year				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Apparel Stores	\$ 73,809	\$ 75,919	\$ 74,515	\$ 77,995	\$ 78,622
General Merchandise	104,277	102,310	101,038	96,353	96,372
Food Stores	31,832	33,110	34,634	33,270	33,882
Eating and Drinking Establishments	189,227	200,840	202,915	202,646	205,363
Building Materials	2,734	2,605	2,623	2,829	4,122
Service Stations	42,789	37,000	31,670	32,992	36,706
Other Retail Stores	286,140	295,157	303,311	308,555	309,131
All Other Outlets	<u>261,863</u>	<u>176,347</u>	<u>154,628</u>	<u>148,764</u>	<u>161,173</u>
Total	<u>\$ 992,671</u>	<u>\$ 923,288</u>	<u>\$ 905,334</u>	<u>\$ 903,404</u>	<u>\$ 925,371</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%

Source: State Board of Equalization HDL Coren Cone

**City of Manhattan Beach
Direct and Overlapping Sales Tax Rates,
Last Ten Fiscal Years**

Exhibit A-13

<u>Fiscal Year</u>	<u>City Direct Rate</u>	<u>L.A. County</u>
2019	1.00%	.25%
2018	1.00%	.25%
2017	1.00%	.25%
2016	1.00%	.25%
2015	1.00%	.25%
2014	1.00%	.25%
2013	1.00%	.25%
2012	1.00%	.25%
2011	1.00%	.25%
2010	1.00%	.25%

Source: State of California Board of Equalization

**City of Manhattan Beach
Principal Sales Tax Remitters,
Fiscal Year Comparison**

Exhibit A-14

Tax Remitter

2019

Apple
BevMo
California Pizza Kitchen
Chevron
Circle K
Frys Electronics
Houston's
Kettle
Macys
Manhattan Beach Toyota Scion
Marriott Manhattan Beach Hotel
Nick's Manhattan Beach
Old Navy
Olive Garden
Ralphs Fresh Fare
REI
Sephora
Skechers by Mail
Strand House Standbar
Target
Tin Roof Bistro
Toyota Lease Trust
Trader Joes
True Religion
Wrights

2009

Apple
Arco
Barnes & Noble
BevMo
California Pizza Kitchen
Chevron
CVS Pharmacy
Frys Electronics
Houston's
Kwik/AI Sal Oil
Macys
Manhattan Beach Marriott
Manhattan Beach Toyota Scion
McDonalds
Mobil Oil
Office Depot
Old Navy
Olive Garden
Pottery Barn
Ralphs Fresh Fare
REI
Sephora
Skechers
Target
Trader Joes

* Listed Alphabetically

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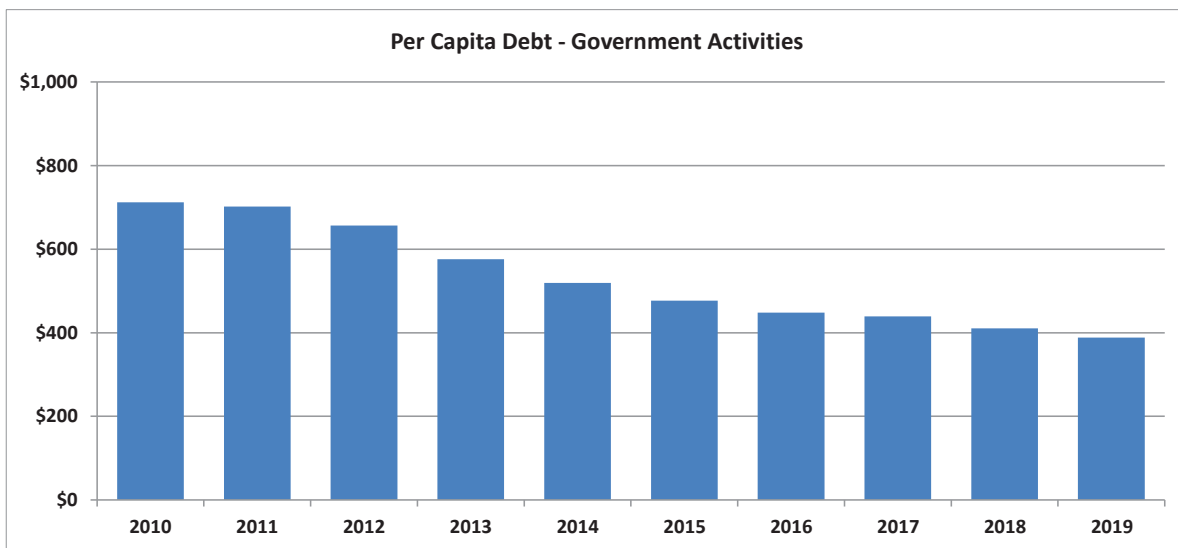
Statistical Section

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.

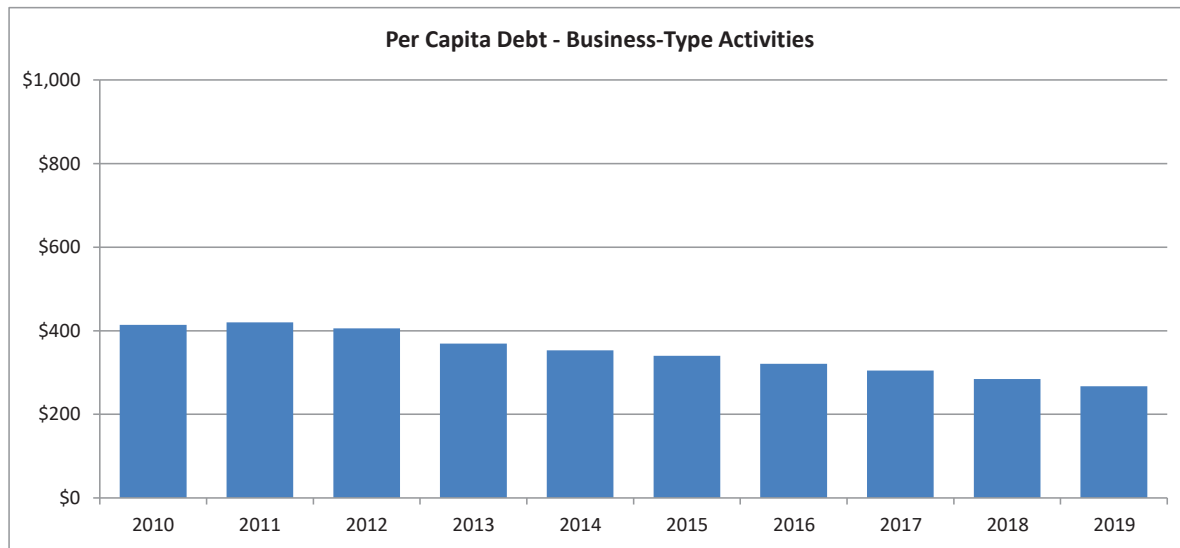
**City of Manhattan Beach
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years**

Governmental Activities									
Fiscal Year	RCC Facility	Pension Obligation Bonds	Marine Certificates of Participation	Marine Refunding Certificates of Participation	Police/Fire Certificates of Participation	Police/Fire Refunding Bonds	Capital Leases	Total Governmental	Total Per Capita
2010	1,585,000	4,635,000	7,945,000	-	11,990,000	-	35,807	26,190,807	712
2011	1,495,000	3,795,000	7,715,000	-	11,725,000	-	-	24,730,000	702
2012	1,445,000	2,870,000	7,480,000	-	11,450,000	-	-	23,245,000	656
2013	-	1,860,000	7,235,000	-	-	10,510,000	903,841	20,508,841	576
2014	-	765,000	6,980,000	-	-	10,030,000	719,342	18,494,342	519
2015	-	-	6,715,000	-	-	9,580,000	531,820	16,826,820	477
2016	-	-	6,445,000	-	-	9,125,000	341,224	15,911,224	448
2017	-	-	-	6,317,766	-	9,042,225	147,506	15,507,497	439
2018	-	-	-	6,026,968	-	8,535,865	-	14,562,833	410
2019	-	-	-	5,706,170	-	8,009,505	-	13,715,675	389



Source: City of Manhattan Beach Finance Department Historical CAFRs Debt Schedules

Business-type Activities						Total		
Utility Revenue Bonds	Metlox Certificates of Participation	Utility Refunding Certificates of Participation	Metlox Refunding Certificates of Participation	Total Business Type	Total Per Capita	Total Primary Government	Percentage of Personal Income	Total Per Capita
3,490,000	11,735,000	-	-	15,225,000	414	41,415,807	1.46%	1,126
3,370,000	11,435,000	-	-	14,805,000	420	39,535,000	1.41%	1,122
3,240,000	11,125,000	-	-	14,365,000	406	37,610,000	1.32%	1,062
-	-	2,860,695	10,290,752	13,151,447	369	33,660,288	1.14%	945
-	-	2,686,239	9,896,927	12,583,166	353	31,077,508	1.08%	872
-	-	2,506,784	9,498,103	12,004,887	340	28,831,707	0.99%	817
-	-	2,317,328	9,079,279	11,396,607	321	27,307,831	0.92%	769
-	-	2,117,872	8,645,454	10,763,326	305	26,270,823	0.85%	744
-	-	1,913,417	8,191,630	10,105,047	285	24,667,880	0.77%	695
-	-	1,703,962	7,727,805	9,431,767	267	23,147,442	0.72%	656



Source: City of Manhattan Beach Finance Department Historical CAFRs Debt Schedules

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**City of Manhattan Beach
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019**

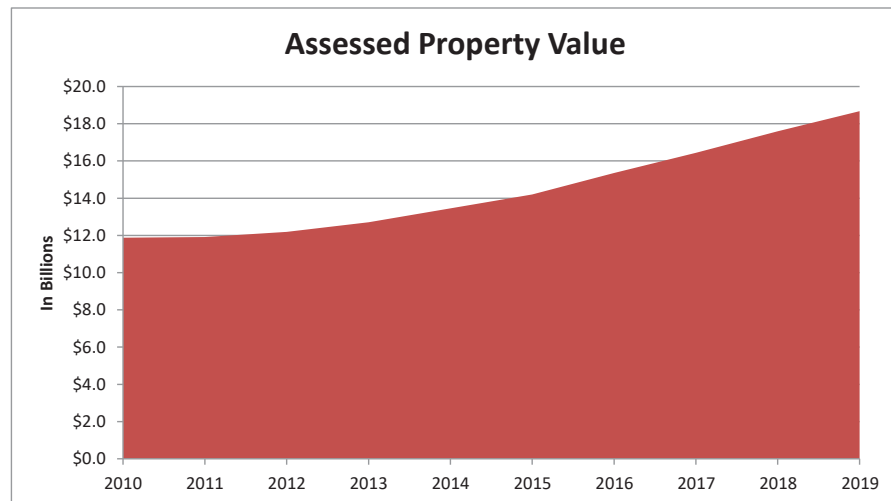
Exhibit A-16

<u>Governmental Unit</u>	<u>Gross Bonded Debt Balance</u>	<u>Percentage Applicable To City</u>	<u>Net Bonded Debt</u>
Direct Debt			
City of Manhattan Beach:			
Certificates of Participation Marine Avenue Park	\$ 5,706,170	100.000%	\$ 5,706,170
Refunding Certificates of Participation Police/Fire	8,009,505	100.000%	8,009,505
Total Direct Debt			<u>13,715,675</u>
Overlapping Debt			
Manhattan Beach UNIF DS 1996 SER A DS	\$ 1,607,796	99.998%	1,607,761
Manhattan Beach UNIF DS 1998 SER B	4,251,379	99.998%	4,251,286
Manhattan Beach USD DS 1999 SER C	2,184,425	99.998%	2,184,377
Manhattan Beach USD DS 2001 SER D	2,902,379	99.998%	2,902,315
Manhattan Beach USD DS 1995 SER E	4,628,829	99.998%	4,628,728
Manhattan Beach USD DS 2000 SER B	5,770,831	99.998%	5,770,705
Manhattan Beach USD DS 2008, 2011 SER C	24,160,467	99.998%	24,159,938
Manhattan Beach USD DS 2008 2012 SER D	790,000	99.998%	789,983
Manhattan Beach USD DS 2008 2012 SER E	8,310,000	99.998%	8,309,818
Manhattan Beach USD DS 2008 2013 SER F	14,295,000	99.998%	14,294,687
Manhattan Beach USD DS 2013 REF 2000 SER A	2,430,000	99.998%	2,429,947
Manhattan Beach USD DS 2016 SER A MEAS C	38,500,000	99.998%	38,499,157
Manhattan Beach USD DS 2016 SER A MEAS EE	37,705,000	99.998%	37,704,174
Metropolitan Water District	23,317,224	1.534%	357,782
El Camino CCS DS 2002 SER 2012C	177,350,103	16.820%	29,830,385
El Camino CCS DS 2012 REF BONDS	30,935,000	16.820%	5,203,284
El Camino CCD DS 2012 SER 2016 A	90,750,000	16.820%	15,264,200
El Camino CCS DS 2016 REF BONDS	71,165,000	16.820%	11,969,992
El Camino CCS DS 2012 SER 2018B	50,000,000	16.820%	8,410,027
Total Overlapping Debt			<u>218,568,545</u>
Total Direct and Overlapping Debt			<u>\$ 232,284,220</u>

In this particular instance of overlapping debt, overlapping governments are those whose boundaries whole or in part contained within the boundaries of a District that is issuing debt. The percent of overlap is based on the ratio assessed value of the land of the government to that of total assessed valuation of all governments within that district. The Manhattan Beach Unified School District boundaries are contiguous with that of the City of Manhattan Beach

**City of Manhattan Beach
Legal Debt Margin Information,
Last Ten Fiscal Years**

	Fiscal Year				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Assessed Value	\$ 11,871,677,111	\$ 11,913,602,319	\$ 12,190,853,653	\$ 12,713,329,765	\$ 13,453,303,900
Legal debt limit (3.75%)	445,187,892	446,760,087	457,157,012	476,749,866	504,498,896
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 445,187,892</u>	<u>\$ 446,760,087</u>	<u>\$ 457,157,012</u>	<u>\$ 476,749,866</u>	<u>\$ 504,498,896</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
Assessed Value Growth	1.49%	0.35%	2.33%	4.29%	5.82%

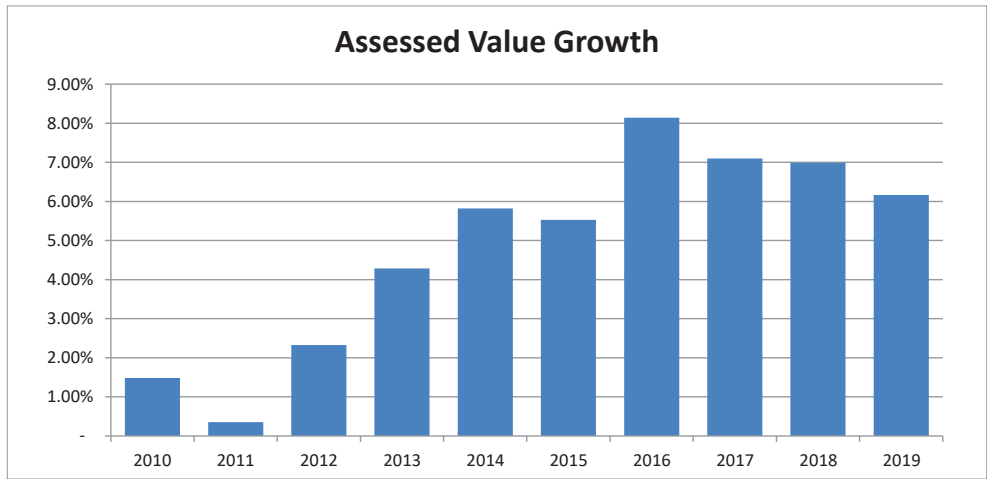


Source: City of Manhattan Beach Finance Department Historical CAFRs

Fiscal Year				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 14,196,903,333	\$ 15,352,495,483	\$ 16,442,347,904	\$ 17,591,875,267	\$ 18,676,191,358
532,383,875	575,718,581	616,588,046	659,695,323	700,357,176
-	-	-	-	-
<u>\$ 532,383,875</u>	<u>\$ 575,718,581</u>	<u>\$ 616,588,046</u>	<u>\$ 659,695,323</u>	<u>\$ 700,357,176</u>

0.00%	0.00%	0.00%	0.00%	0.00%
-------	-------	-------	-------	-------

5.53%	8.14%	7.10%	6.99%	6.16%
-------	-------	-------	-------	-------



**City of Statistical
Pledged-Revenue Coverage,
Last Ten Fiscal Years**

Water - Wastewater Debt Service Principal and Interest

Fiscal Year	Utility Service Charges	(a) Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
				Principal	Interest	
2010	9,668,966	9,129,202	539,764	115,000	212,345	1.65
2011	12,149,167	9,230,873	2,918,294	120,000	205,769	8.96
2012	15,572,398	9,431,747	6,140,651	130,000	201,090	18.55
2013 (c)	18,322,360	10,105,431	8,216,929	85,000	93,150	46.12
2014	19,908,104	10,611,569	9,296,535	160,000	93,150	36.72
2015	19,674,895	10,082,087	9,592,808	165,000	89,950 (b)	37.63
2016	17,814,103	10,389,899	7,424,204	175,000	83,350 (b)	28.74
2017	17,977,445	11,279,607	6,697,838	185,000	76,350 (b)	25.63
2018	18,947,767	11,818,853	7,128,914	190,000	68,950 (b)	27.53
2019	18,889,006	12,947,329	5,941,677	195,000	63,250 (b)	23.01

(a) Operating Expense less depreciation expense

(b) Interest "expense" for this purpose reflects Footnote 5 Debt Service Requirements as presented in prior years' CAFRs and is presented on a cash basis.

(c) Refunding bonds - please refer to footnotes regarding bond refunding

Parking Debt Service Principal and Interest

Parking Fund Revenue	(a) Less: Operating Expenses	Net Available Revenue	Debt Service		Times Coverage
			Principal	Interest	
1,591,919	789,917	802,002	285,000	575,046	0.93
2,094,783	765,202	1,329,581	300,000	564,432	1.54
2,302,557	988,324	1,314,233	310,000	552,580	1.52
2,305,348	1,326,796	978,552	360,000	342,475	1.39
2,432,958	1,356,782	1,076,176	370,000	348,762	1.50
2,566,403	1,505,208	1,061,195	375,000	341,363 (b)	1.48
2,533,935	1,676,685	857,250	395,000	326,362 (b)	1.19
2,460,627	1,687,183	773,444	410,000	310,563 (b)	1.07
2,525,275	1,813,828	711,447	430,000	294,163 (b)	0.98
3,038,490	1,723,456	1,315,034	440,000	278,263 (b)	1.83

Source: City of Manhattan Beach Finance Department and Historical CAFRs

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Statistical Section

Demographic and Economic Information

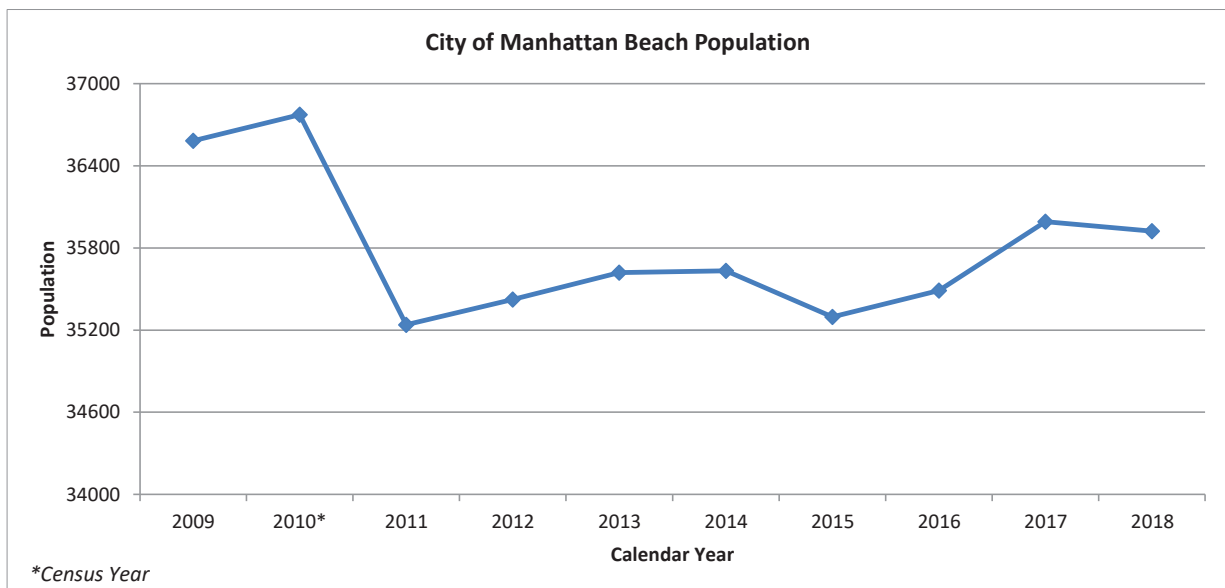
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.

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**City of Manhattan Beach
Demographic and Economic Statistics,
Last Ten Calendar Years**

Calendar Year	Population	Man Beach Personal Income (in thousands)	Personal Income L.A. County¹ (in thousands)	Per Capita Personal Income L.A. County¹	Per Capita Personal Income Man Beach	Unempl Rate	School Enrollment
2009	36,583	2,659,307	392,000,000	37,718	72,692	4.1%	6,560
2010*	36,773	2,830,050	405,000,000	38,789	76,960	4.5%	6,602
2011	35,239	2,802,945	420,900,000	42,696	79,541	4.4%	6,651
2012	35,423	2,850,383	435,300,000	43,916	80,467	3.2%	6,768
2013	35,619	2,945,228	451,100,000	45,024	82,687	2.6%	6,814
2014	35,633	2,864,394	487,900,000	48,456	80,386	3.4%	6,787
2015	35,297	2,906,208	521,900,000	51,207	82,335	2.7%	6,687
2016	35,488	2,969,983	557,382,000	54,432	83,689	2.1%	6,682
2017	35,991	3,102,178	585,515,000	56,698	86,192	2.6%	6,776
2018	35,922	3,208,080	602,632,000	58,349	89,306	3.4%	6,647

Source: HdL Companies, County of Los Angeles Comprehensive Annual Financial Report
¹ Represents fiscal year ended June 30th.



City of Manhattan Beach
Principal Employers
Current Year

Exhibit A-20

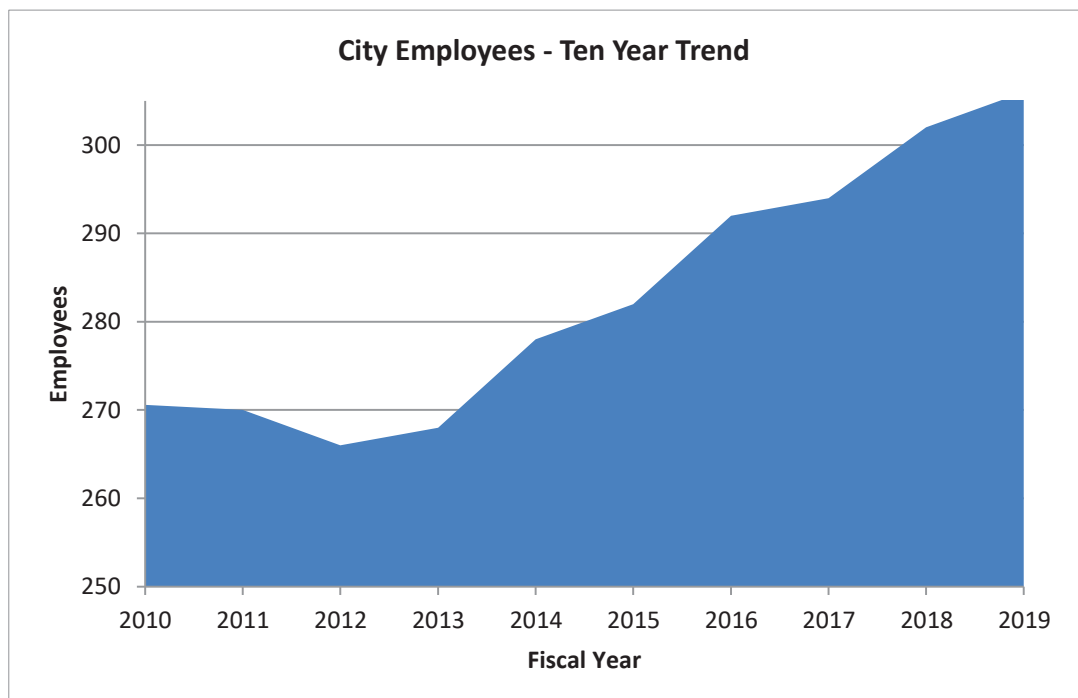
<u>Employer</u>	2019	
	<u>Employees</u>	<u>Percentage of Total Employment</u>
Northrop Grumman Systems Corp.	2,020	18.06%
Manhattan Beach Unified School District	764	6.83%
Kinecta Federal Credit Union	550	4.92%
Skechers USA Inc (Corporate)	429	3.83%
Target Stores T199 Target Corp	405	3.62%
City of Manhattan Beach	306	2.74%
Fry's Electronics, Inc	264	2.36%
Skechers U.S.A., Inc. (Online)	243	2.17%
Manhattan Beach Hotel TRS LLC	233	2.08%
Ralphs Grocery Company #166	167	1.49%
Skechers USA, Inc.(Retail)	148	1.32%
Bristol Farms	129	1.15%
Olive Garden #1723	117	1.05%
Houston's Restaurant	115	1.03%
24 Hour Fitness #163	108	0.97%
California Pizza Kitchen	106	0.95%
Il Fornaio	99	0.88%
Manhattan Country Club	90	0.80%
Boston Consulting Group, Inc	85	0.76%
Chili's Grill & Bar #860	85	0.76%
Western America	84	0.75%
Manhattan Beach Toyota	82	0.73%
Islands Fine Burgers & Drinks	75	0.67%
Recreational Equipment Inc-REI	75	0.67%
Belamar Hotel	71	0.63%
Total	<u>6,850</u>	<u>61.23%</u>

Source: City of Manhattan Beach

**City of Manhattan Beach
Full-time Authorized City Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit A-21

<u>Function/Program</u>	<u>Full-time Authorized Employees as of June 30</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government										
Management services	14	14	13	12	13	13	17	17	17	15
Finance*	20	20	20	20	25	25	17	17	17	18
Information Technology*	-	-	-	-	-	-	9	9	9	9
Human Resources	7	7	6	6	6	6	8	8	8	8
Community Development	20	20	19	20	21	22	24	24	28	30
Parks and Recreation	20	20	20	20	21	23	25	25	25	25
Police										
Officers	63	64	62	65	65	65	65	65	65	65
Civilians	35	34	35	36	39.8	39.8	39.8	41.8	41.8	42.8
Fire										
Firefighters & officers	30	30	30	30	30	31	30	30	30	30
Civilians	1	1	1	1	1.2	1.2	1.2	1.2	1.2	1.2
Public works										
Engineering	8	8	8	8.2	7.25	7.25	7.5	8.5	11	12.5
Water	13.5	14.25	14.25	11.7	11.2	11.2	11.2	11.35	10.85	10.8
Wastewater	3.1	3.35	3.35	3.3	3.2	3.2	3.2	3.45	3	3.9
Other	36	34.4	34.4	34.8	34.35	34.35	34.1	32.7	35.15	34.8
Total	<u>270.6</u>	<u>270</u>	<u>266</u>	<u>268</u>	<u>278</u>	<u>282</u>	<u>292</u>	<u>294</u>	<u>302</u>	<u>306</u>



Source: City of Manhattan Beach Finance Department

CITY OF MANHATTAN BEACH
SCHEDULE OF INSURANCE IN FORCE

June 30, 2019

<u>TYPE OF COVERAGE</u>	<u>POLICY NUMBER</u>	<u>FROM</u>
Liability		
Self-Insured - MOC		07/01/19
Excess Liability		
CSAC-Excess Insurance Authority (Pool) - MOC	EIA-PE 19 EL-109	07/01/19
Great American Insurance Company		07/01/19
Markel Global Reinsurance Co/Lloyds Syndicates		07/01/19
Everest Reinsurance Company		07/01/19
Lloyds Syndicates		07/01/19
Building & Property (Including \$100M Boiler and Machinery and \$100M EQ)		
CSAC-Excess Insurance	EIAPPR19-21	03/31/19
Other Carriers	Various	03/31/19
Other Carriers	Various	03/31/19
Other Carriers	Various	03/31/19
Other Carriers	Various	03/31/19
Workers' Comp.		
Self-Insured	-	07/01/19
Excess Workers' Comp.		
CSAC-Excess Insurance	EIA PE 19 EWC-152	07/01/19
Liberty Insurance Corporation	EW7-64N-444785-019	07/01/19
Government Crime Policy		
National Union Fire Insurance	01-590-97-65	06/30/18
Inland Marine - Fine Arts		
Travelers Property and	QT660-6B28226A- TIL-19	07/02/19
Cyber Risk		
Beazley Syndicate/Lloyd's of London	B0180PH1933951	7/1/2019

**CITY OF MANHATTAN BEACH
SCHEDULE OF INSURANCE IN FORCE**

June 30, 2019

<u>TO</u>	<u>LIMITS OF COVERAGE</u>	<u>ANNUAL PREMIUM</u>
07/01/20	\$500,000 per occurrence	\$389,245
07/01/20	\$4,500,000 excess of \$500,000	Included in above
07/01/20	\$5,000,000 excess of \$5,000,000	Included in above
07/01/20	\$5,000,000 excess of \$10,000,000	Included in above
07/01/20	\$5,000,000 excess of \$15,000,000	Included in above
07/01/20	\$5,000,000 excess of \$20,000,000	Included in above
03/31/20	\$25,000,000	\$215,758
03/31/20	\$35,000,000 excess of \$25,000,000	Included in above
03/31/20	\$40,000,000 excess of \$60,000,000	Included in above
03/31/20	\$100,000,000 excess of \$100,000,000	Included in above
03/31/20	\$100,000,000 excess of \$200,000,000	Included in above
07/01/20	\$750,000 per occurrence	\$280,586
07/01/20	\$4,250,000 excess of \$750,000	Included in above
07/01/20	Statutory limits excess of \$50,000,000	Included in above
06/30/20	\$15,000,000	\$7,150
07/02/20	\$1,000,000	\$4,123
07/01/20	\$2,000,000	\$1,600

**City of Manhattan Beach
Operating Indicators by Function/Program,
Last Ten Fiscal Years**

Exhibit A-23

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Building permits issued	1,254	1,318	1,484	1,339	1,673	1,847	1,853	1,223	1,644	1,353
Building inspections conducted	9,544	9,676	10,298	11,165	13,370	14,708	14,630	14,796	16,032	15,272
Police										
Arrests	1,224	1,007	1,387	1,173	1,367	1,383	1,590	1,371	1,095	1,019
Parking citations	72,789	70,001	68,080	63,624	61,651	63,423	66,255	64,105	57,624	47,422
Traffic citations	9,513	8,591	9,605	6,890	6,339	4,222	4,723	3,682	4,209	2,449
Fire (a)										
Emergency responses	3,036	3,100	3,254	3,176	3,379	3,434	3,690	3,760	3,637	3,653
Fires extinguished	94	98	94	95	76	56	63	76	87	87
Inspections	1,300	973	1,650	933	1,078	536	852	697	688	1,421
Refuse collection										
Refuse collected (tons per day)	62.33	60.27	47.78	43.55	42.05	49.48	52.72	53.31	51.01	54
Recyclables collected (tons per day)	42.44	44.07	45.18	48.16	50.19	53.05	47.7	41.55	34.66	35
Other public works										
Street resurfacing (miles)	8.5	6.6	3.9	-	1.0	3.0	1.0	0.7	2.9	4.0
Parks and recreation										
Athletic field permits issued	4,501	4,887	5,901	7,002	7,779	10,369	9,912	10,328	8,499	6,815
Community center admissions*	134,144	147,630	41,374	89,134	107,632	76,860	52,424	63,083	64,592	52,505
Water										
Water main breaks	-	4	3	4	6	7	4	9	8	7
Average daily consumption (thousands of gallons)	5,096	4,900	4,920	5,123	4,929	4,468	4,021	4,130	4,392	4,257
Peak daily consumption (thousands of gallons)	7,644	7,350	6,712	6,989	7,169	5,344	5,344	6,190	5,735	7,266
Transportation										
Total route miles	51,736	65,517	43,461	38,995	41,680	44,067	46,175	40,961	42,535	49,639
Passengers	14,945	18,831	18,899	16,039	17,059	20,065	22,067	26,810	25,963	26,223

(a) Represents calendar year data.

* The Community Centers underwent a full renovation. Both centers were fully operational by January 2013.

**City of Statistical
Capital Asset Statistics by Function/Program,
Last Ten Fiscal Years**

Exhibit A-24

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	23	23	23	23	23	23	23	23	23	23
Fire stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (miles)	110	110	108	108	108	108	108	108	108	108
Highways (miles)	10	10	10	10	10	10	10	10	10	10
Parks and recreation										
Acreage	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88	80.88
Baseball/softball diamonds	13	13	13	13	18	18	18	18	18	18
Soccer/football fields	15	15	15	15	19	19	19	19	19	19
Community centers	2	2	2	2	3	3	3	3	3	3
Water										
Water mains (miles)	106	106	106	106	106	106	106	106	106	106
Fire hydrants	775	774	774	774	774	774	774	774	774	775
Storage capacity (1000s Gallons)	9,830	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800	9,800
Wastewater										
Sanitary sewers (miles)	84.0	81.6	82.0	82.0	82.0	82.0	82.0	82.0	82.0	82.0
Storm sewers (miles)	16.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	21.0
Transportation—minibuses	4	4	4	4	4	4	4	5	5	5

Source: City of Manhattan Beach Departments

CITY OF MANHATTAN BEACH
DEMOGRAPHIC STATISTICAL DATA
Official Results from the 2010 US Census

Population distribution by ethnic group (one race):

	<u>Number of Persons</u>	<u>Percent</u>
White	29,686	84%
Asian	3,023	9%
Black or African American	290	1%
American Indian and Alaska Native	59	0%
Other	<u>2,077</u>	<u>6%</u>
	<u><u>35,135</u></u>	<u><u>100%</u></u>

Household Type:

	<u>Number of Persons</u>	<u>Percent</u>
Family:		
Married couple	7,583	54%
Female head	892	6%
Male head	438	3%
Nonfamily	<u>5,125</u>	<u>37%</u>
	<u><u>14,038</u></u>	<u><u>100%</u></u>

Population distribution by age group:

	<u>Number of Persons</u>	<u>Percent</u>
Under 5 years	2,031	6%
5-14	5,264	15%
15-24	3,170	9%
25-44	9,532	27%
45-59	8,508	24%
60-64	2,173	6%
65 and over	<u>4,457</u>	<u>13%</u>
	<u><u>35,135</u></u>	<u><u>100%</u></u>

Population distribution by gender:

	<u>Number of Persons</u>	<u>Percent</u>
Male	17,605	50%
Female	<u>17,530</u>	<u>50%</u>
	<u><u>35,135</u></u>	<u><u>100%</u></u>

Source: Latest data from the American Community Survey, US Census Bureau

Bond Disclosure Section

Continuing Disclosure Requirements

The following section provides information to fulfill the City's bond continuing disclosure requirements of material events, delinquencies, and other financial data not otherwise contained in the audited financial reports.

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Continuing Disclosure Requirements

This section is provided in accordance with the Continuing Disclosure requirements, as set forth in the offering statements of the following debt issues:

- Marine Refunding Certificates of Participation, Series 2016
- Metlox and Water/Wastewater Refunding Certificates of Participation, Series 2012
- Police and Fire Facility Refunding Certificates of Participation, Series 2013
- Reassessment District Limited Obligation Refunding Bonds, Series 2018

The required Annual Report is contained herein as the Audited Financial Statements.

Reporting of Events with Respect to Debt Issuance during Fiscal Year 2018-19

None.

Information relating to Reassessment District Bonds, Series 2018, for Fiscal Year 2018-19

Principal Amount Outstanding	\$4,995,000
Balances in:	
Improvement Fund	\$0
Debt Service Reserve Fund	\$511,996

The balance in the Debt Service Reserve Fund exceeds the reserve requirement.

Delinquencies of Reassessment District Bonds for Fiscal Year 2018-19

As of June 30, 2019

PARCEL	TAX LEVIED	TAX PAID	Delinquencies
4169001007	1,977.63	988.81	988.82
4169010015	1,716.28	-	1,716.28
4175022021	522.75	261.37	261.38
4175027016	861.34	770.45	90.89
4175029007	702.60	-	702.60
4175030009	702.60	-	702.60
4178013081	1,098.01	549.00	549.01
TOTAL DELIQUENCIES			\$5,011.58

Update of Financial Tables (Not Otherwise Contained in the Audited Financial Statements)

As required by the offering statements for the Metlox and Water/Wastewater Refunding and Police and Fire Facility Refunding Certificates of Participation.

Table 13 – Investment Portfolio Summary

As of June 30, 2019

Type of Investment	Market Value
Cash	\$4,835,123
Local Government Fund	33,256,831
US Treasury & Agency Notes	70,161,370
Medium-Term Notes	19,583,585
Funds Held by Fiscal Agent	1,974,152
Petty Cash	4,032
Total	\$129,815,093

Table 14 – Unrepresented Unit and Employee Associations

As of June 30, 2019

Employee Unit	No. Full-Time Employees*	Percent of Workforce
Manhattan Beach Fire Association	26	8.7%
Manhattan Beach Fire Management Association	3	1.0%
Manhattan Beach Police Officers' Association	57	19.0%
Manhattan Beach Police Management Association	7	2.3%
Miscellaneous Unit - Teamsters Local 911	144	48.0%
Manhattan Beach Mid-Managers Employee Association	39	13.0%
Management/Confidential (not represented)	24	8.0%
Total	300	100.0%

** As Budgeted. Excludes elected officials.*

Additional Information

The City maintains triple-A general obligation ratings from both Moody's and Standard and Poor's. Standard & Poor's reaffirmed the City's AAA Credit Rating on November 4, 2016.

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City of Manhattan Beach General Fund Revenue Analysis - Fiscal Year 2018-19

Category	Revenue	Final Budget	Full Year Actual	Actual over Budget	% Variance
A	Property Tax	\$31,657,588	\$32,107,341	\$449,753	1.4%
B	Other Tax and Assessments	19,753,950	20,164,760	410,810	2.1%
C	Licenses and Permits	3,061,340	3,048,263	(13,077)	(0.4%)
D	Fines	2,547,000	1,963,412	(583,588)	(22.9%)
E	Interest & Rents	3,954,807	5,304,823	1,350,016	34.1%
F	From Other Agencies	452,474	355,520	(96,954)	(21.4%)
G	Services	8,432,433	8,412,968	(19,465)	(0.2%)
H	Interfund Charges	3,572,540	3,663,481	90,941	2.5%
I	Miscellaneous	867,500	1,112,149	244,649	28.2%
	Totals	\$74,299,632	\$76,132,717	\$1,833,085	2.5%

Key Revenue Variances*

A	C.Yr Secured Property Tax	25,698,500	26,011,313	\$312,813	-
D	Parking Citations	2,350,000	1,820,377	(529,623)	(22.5%)
E	Unrealized Investment Gain/Loss	-	848,001	848,001	-
G	Ambulance Fees	810,000	534,529	(275,471)	(34.0%)
	Subtotals	\$28,858,500	\$29,214,220	\$355,720	1.2%

* Includes revenues with +/- \$250,000

City of Manhattan Beach General Fund Expenditures - Fiscal Year 2018-19

Bold lines indicate utilization percentages less than 90% or greater than 110%

By Department	FY2019 Budget	FY2019 Actual	Budget Over Actual	% Utilized
11 Management Services	\$5,161,150	\$4,642,369	\$518,781	89.9%
12 Finance	3,586,573	3,206,915	379,658	89.4%
13 Human Resources	1,309,836	1,091,510	218,326	83.3%
14 Parks and Recreation	8,872,178	8,872,155	23	100.0%
15 Police	29,039,039	29,172,898	(133,858)	100.5%
16 Fire	14,270,042	13,787,930	482,112	96.6%
17 Community Development	6,394,579	5,977,921	416,658	93.5%
18 Public Works	8,001,343	7,195,980	805,363	89.9%
19 Information Technology	325,062	272,074	52,988	83.7%
Transfers	2,028,307	2,594,296	(565,989)	127.9%
Total*	\$78,988,109	\$76,814,048	\$2,174,062	97.2%

By Object Class	FY2019 Budget	FY2019 Actual	Budget Over Actual	% Utilized
4000 - Personnel Services	\$50,531,259	\$50,152,324	\$378,935	99.3%
5000 - Operating Expenses	24,202,529	22,063,434	2,139,095	91.2%
6000 - Capital Outlay	1,741,540	1,521,419	220,121	87.4%
7000 - Debt Service	484,475	482,575	1,900	99.6%
9000 - Interfund Transfers	2,028,307	2,594,296	(565,989)	127.9%
Total	\$78,988,110	\$76,814,048	\$2,174,062	97.2%

By Object Subclass	FY2019 Budget	FY2019 Actual	Budget Over Actual	% Utilized
4100 Salary & Wages	\$33,563,532	\$33,662,122	(\$98,590)	100.3%
4200 Employee Benefits	16,967,727	16,490,202	477,525	97.2%
5100 Contract & Professional Services	10,752,665	9,774,206	978,459	90.9%
5200 Materials & Services	4,597,039	4,093,351	503,688	89.0%
5500 Utilities	1,163,251	943,969	219,282	81.1%
5600 Internal Service Charges	7,689,574	7,251,908	437,666	94.3%
6100 Property & Equipment	1,741,540	1,521,419	220,121	87.4%
7100 Bond Debt	484,475	482,575	1,900	99.6%
9100 Transfers Out	2,028,307	2,594,296	(565,989)	127.9%
Total	\$78,988,110	\$76,814,048	\$2,174,062	97.2%

City of Manhattan Beach General Fund Expenditures By Object - Fiscal Year 2018-19

Bolded lines indicate utilization percentages less than 90% or greater than 110%

By Object	FY2019 Budget	FY2019 Actual	Budget over Actual	% Utilized
4101 - Salaries & Allowances	13,583,362	13,038,169	545,193	96.0%
4102 - Sworn Employee Salaries	13,117,842	13,282,350	(164,508)	101.3%
4103 - Part Time Employee Salaries	2,309,717	2,377,614	(67,897)	102.9%
4111 - Overtime Regular Employees	266,766	276,077	(9,311)	103.5%
4112 - Overtime Sworn Employees	3,456,461	3,642,951	(186,490)	105.4%
4113 - Overtime Mutual Aid	165,312	300,719	(135,407)	181.9%
4114 - Overtime Special Events	352,288	594,826	(242,538)	168.8%
4115 - Overtime Cooperative Resources	72,384	47,634	24,750	65.8%
4116 - Overtime Training & Special Detail	224,400	91,763	132,637	40.9%
4123 - Commuter Pay	15,000	10,020	4,980	66.8%
4201 - Group Medical Insurance	4,177,623	3,861,116	316,507	92.4%
4202 - Medicare	405,048	452,130	(47,082)	111.6%
4203 - Unemployment	25,020	25,020	-	100.0%
4204 - 401A Plan City	250,197	231,839	18,358	92.7%
4205 - Workers Compensation	4,610,040	4,610,040	-	100.0%
4207 - Contribution to City Pension Plan	-	100,000	(100,000)	-
4211 - PERS Regular Contributions	1,250,074	1,114,256	135,818	89.1%
4212 - PERS Sworn Contributions	2,473,214	2,432,540	40,674	98.4%
4218 - PERS Regular Net Pension Liability	1,041,822	1,005,407	36,415	96.5%
4219 - PERS Sworn Net Pension Liability	2,734,689	2,639,102	95,587	96.5%
4221 - Pers Supplement Retirement Payr	-	18,752	(18,752)	-
5101 - Contract Services	6,848,890	6,399,608	449,281	93.4%
5103 - Audit Services	82,900	60,587	22,313	73.1%
5104 - Computer Contract Services	631,244	448,931	182,313	71.1%
5105 - Elections	314,182	161,953	152,229	51.5%
5106 - SBRPCA Communications	2,004,775	1,862,089	142,686	92.9%
5107 - Physical/Psychological Exams	50,090	47,423	2,668	94.7%
5108 - Legal Services	813,000	791,652	21,348	97.4%
5109 - Background Investigations	7,584	1,962	5,622	25.9%
5201 - Office Supplies	148,150	137,126	11,024	92.6%
5202 - Memberships & Dues	120,286	102,479	17,807	85.2%
5203 - Reference Books & Periodicals	13,903	7,321	6,582	52.7%
5205 - Training, Conferences & Meetings	627,260	401,033	226,227	63.9%
5206 - Uniforms/Safety Equipment	222,886	209,570	13,316	94.0%
5207 - Advertising	105,296	69,934	35,362	66.4%
5208 - Postage	97,730	106,949	(9,219)	109.4%
5209 - Tools & Minor Equipment	1,500	1,887	(387)	125.8%
5210 - Computers, Supplies & Software	62,706	35,647	27,059	56.8%
5212 - Office Equipment Maintenance	3,250	440	2,810	13.5%
5214 - Employee Awards & Events	33,950	27,419	6,531	80.8%
5216 - Tuition Reimbursement	32,000	14,897	17,103	46.6%
5217 - Departmental Supplies	1,236,709	1,212,642	24,067	98.1%
5218 - Recruitment Costs	49,844	54,598	(4,754)	109.5%
5219 - STC Training	3,850	6,324	(2,474)	164.3%
5220 - POST Training	43,700	65,616	(21,916)	150.2%
5221 - Automotive Repair Services	72,100	79,945	(7,845)	110.9%
5225 - Printing	243,279	137,051	106,227	56.3%
5227 - City Store Purchases	10,000	477	9,523	4.8%
5231 - Bank Service Charge	175,000	173,171	1,829	99.0%
5240 - Assessments & Taxes	2,800	2,880	(80)	102.9%
5260 - Council Contingencies	42,150	-	42,150	-
5262 - Public Service Events	44,375	31,767	12,608	71.6%
5263 - City Funds Match	6,000	11,861	(5,861)	197.7%
5264 - City Funds Exchange	161,000	161,000	-	100.0%
5265 - Service Agency Contributions	37,315	41,315	(4,000)	110.7%
5269 - M.B. School Support	1,000,000	1,000,000	-	100.0%

City of Manhattan Beach General Fund Expenditures By Object - Fiscal Year 2018-19

Bolded lines indicate utilization percentages less than 90% or greater than 110%

By Object	FY2019 Budget	FY2019 Actual	Budget over Actual	% Utilized
5501 - Telephone	117,556	88,400	29,156	75.2%
5502 - Electricity	563,850	454,889	108,961	80.7%
5503 - Natural Gas	23,444	33,678	(10,234)	143.7%
5504 - Water	458,401	367,003	91,398	80.1%
5611 - Warehouse Purchases	39,204	32,307	6,897	82.4%
5621 - Information Systems Allocation	2,360,722	2,360,724	(2)	100.0%
5631 - Insurance Allocation	1,496,220	1,496,220	-	100.0%
5641 - Fleet Rental Allocation	1,153,948	966,444	187,504	83.8%
5642 - Fleet Maintenance Allocation	975,440	989,968	(14,528)	101.5%
5651 - Building & Operations Allocation	1,664,040	1,406,245	257,795	84.5%
6111 - Furniture & Fixtures	-	10,525	(10,525)	-
6121 - Machinery & Equipment	148,504	28,689	119,814	19.3%
6141 - Computer Equipment & Software	1,593,036	1,482,204	110,832	93.0%
7101 - Bond Principal	295,000	295,000	-	100.0%
7102 - Bond Interest	185,975	185,975	-	100.0%
7103 - Bond Administration Fee	3,500	1,600	1,900	45.7%
9101 - Transfers Out	2,028,307	2,594,296	(565,989)	127.9%
Total	\$78,988,110	\$76,814,048	\$2,174,062	97.2%

City of Manhattan Beach Enterprise Fund Results - Fiscal Year 2018-19

Fund	Net Income			Total	Net Position	
	Operating	Non-Operating	Capital Contributions & Transfers		Beginning ¹	Ending
Water	\$3,314,176	\$1,544,042	-	\$4,858,218	\$56,261,315	\$61,119,533
Stormwater	(702,283)	47,067	1,273,783	618,567	5,031,302	5,649,869
Sewer	1,723,228	436,971	-	2,160,199	18,248,398	20,408,597
Refuse	21,841	70,858	-	92,699	764,059	856,758
Parking	1,053,728	(174,321)	-	879,407	11,153,574	12,032,981
County Lots	258,415	-	(263,873)	(5,458)	5,458	-
State Pier	(98,687)	49,130	-	(49,557)	664,979	615,422



INDEPENDENT AUDITORS' 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*

To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manhattan Beach, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
December 10, 2019



December 10, 2019

To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Manhattan Beach, California (the City) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, 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 April 30, 2019. 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 the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2018-2019. We noted no transactions entered into by the City 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.

We noted no transactions entered into by the City 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 estimates of its net pension liability and net other postemployment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and net other postemployment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole. The City hired a qualified actuary to evaluate the Net OPEB Asset as of the measurement date and as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Net OPEB Asset is calculated by actuaries using estimates and actuarial techniques from actuarial valuation as of June 30, 2018. **The actuary applied the Section 3.7.7(c)(4) of the ASOP No. 6, as revised, and determined age-adjusted rates are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments.** Our opinion is not modified with respect to this matter.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were the disclosure of commitments and contingencies represent litigation to be paid for reported claims and incurred but not yet reported claims. The ultimate amount of losses incurred through June 30, 2019 is dependent on future developments and the outcome is unknown at this time.





To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

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 December 10, 2019.

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 City'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 City'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

We applied certain limited procedures to the management's discussion and analysis; the budgetary comparison schedule for the general fund, the Gas Tax fund and the Proposition C fund; the schedules of changes in net pension liability and related ratios; the schedules of plan contributions; the schedule of investment returns; the schedule of proportionate share of the net pension liability; and the schedule of changes in net OPEB and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

We were not engaged to report on the introduction section and the statistical section, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2018-2019 audit:

GASB Statement No. 83, Certain Assets Retirement Obligations.

GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements.

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2019-2020

GASB Statement No. 84, Fiduciary Activities.

GASB Statement No. 90, Majority Equity Interests - an Amendment of GASB Statement No. 14 and No. 61.

Fiscal year 2020-2021

GASB Statement No. 87, Leases.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.

Fiscal year 2021-2022

GASB Statement No. 91, Conduit Debt Obligations.



CPAs AND ADVISORS

To the Honorable Mayor and Members of the City Council
City of Manhattan Beach, California

Restriction on Use

This information is intended solely for the use of the City Council and management of the City of Manhattan Beach and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lance, Soll & Lughard, LLP

Brea, California

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Derrick Abell, Chief of Police

Steve S. Charelian, Finance Director

Julie Dahlgren, Sr. Management Analyst

SUBJECT:

Consider Adopting a Resolution Approving Amendment No. 1 with Vital Medical Services for On-Call Non-Emergency Medical Services for In-Custody Arrestees to Increase the Not-to-Exceed Cap from \$45,000 to \$290,000 and Authorizing Payment of \$13,132 (Police Chief Abell).

ADOPT RESOLUTION NO. 19-0109 APPROVING AN AMENDMENT

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 19-0109 approving Amendment No. 1 to the Agreement between the City and Vital Medical Services for on-call non-emergency medical services for in-custody prisoners to increase the not-to-exceed cap from \$45,000 to \$290,000 and to authorize a payment of \$13,132.

FISCAL IMPLICATIONS:

Sufficient funds are budgeted for this expenditure; no appropriation is required.

BACKGROUND:

The Manhattan Beach Police Department is required by state and federal law to provide medical services to arrestees known to have, or declaring, medical issues or injuries prior to booking and housing them in our jail. Additionally, the Department routinely requires medical services in the form of blood draws for those arrested for DUI or under the influence of controlled substance. Prior to 2018, arrestees requiring pre-booking medical clearance, medical care, or blood draws were transported by one or two patrol officers (based on the nature of the arrest) to Reliant Medical or other local hospitals, depending on the level of medical care required. Costs associated with these treatments are borne by the Police Department.

A local hospital medical release takes one and a half hours or more of the patrol officer's time per arrestee, which includes transporting the arrestee to the medical facility, waiting for available medical personnel, standing by during the necessary treatment and tests, and transporting the arrestee back to the City Jail.

In 2018, the Police Department entered into an agreement ("Agreement") with Vital Medical Services to conduct on-site non-emergency medical services in our jail for a five-year term expiring on December 31, 2022. Upon verbal request, on-call medical professionals come to the City's jail within 30 minutes. Vital Medical Services provides all necessary equipment and supplies to perform required medical services in a private room located in the jail. The medical exam room meets all medical, County Health Department, and Board of State and Community Corrections requirements for these types of services. Patrol officers are able to transfer the care of an arrestee to the jail staff at the time of booking and immediately return to the field.

DISCUSSION:

The usage of Vital Medical Service in our Jail since 2018 has provided a more efficient and effective means of providing medical treatment to arrestees. Vital Medical Services allows officers to return quickly to their primary function of patrolling the City and responding to service calls. It has also provided a more secure environment to conduct medical exams and has significantly reduced the amount of time patrol officers are removed from patrol duties to obtain medical clearances.

In the past year, use of Vital Medical Services has increased. In the Agreement, the not-to-exceed figure was \$45,000, which is within the City Manager's approval authority. Due to the increased need, staff recommends that the Council approve an amendment to the Agreement to increase the "not-to-exceed" compensation cap to \$72,500 per year (and a total cap of \$290,000 for the life of the agreement) for the remaining term of the Agreement, which exceeds the City Manager's authority.

The \$290,000 includes all compensation already paid to Vital, plus all future payments for 2020, 2021, and 2022. Accordingly, staff recommends that the City Council adopt the attached resolution approving Amendment No. 1 to the Agreement with Vital Medical Services for on-site inmate non-emergency care in an amount not-to-exceed \$290,000. Also, staff has paid Vital an amount of \$13,132 in excess of the original \$45,000 cap. Thus, staff requests that the Council ratify payment of \$13,132.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has approved the amendment to the agreement as to form.

ATTACHMENTS:

1. Resolution No. 19-0109
2. Amendment No. 1 - Vital Medical Services
3. Agreement -Vital Medical Services (2018)

RESOLUTION NO. 19-0109

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL RATIFYING AND APPROVING AN AGREEMENT BETWEEN THE CITY OF MANHATTAN BEACH AND VITAL MEDICAL SERVICES, LLC FOR NON-EMERGENCY MEDICAL SERVICES IN THE CITY JAIL

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council hereby ratifies and approves the Agreement between the City of Manhattan Beach and Vital Medical Services, LLC dated December 17, 2019, for on-site blood draws, certain medical screenings, medical tests, and limited treatment to persons who are arrested or taken into custody by City's Police Department in an amount not to exceed of \$290,000 (\$72,500 Annually).

SECTION 2. The Council hereby directs the City Manager to execute the Agreement on behalf of the City.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution.

ADOPTED on December 17, 2019.

AYES:
NOES:
ABSENT:
ABSTAIN:

NANCY HERSMAN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

AMENDMENT NO. 1 TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF MANHATTAN BEACH AND VITAL MEDICAL
SERVICES

This First Amendment (“Amendment No. 1”) to that certain agreement by and between the City of Manhattan Beach, a California municipal corporation (“City”) and Vital Medical Services, LLC, a California limited liability company (“Contractor”) (collectively, the “Parties”) is hereby entered into as of December 17, 2019 (“Effective Date”).

RECITALS

- A. On January 22, 2018, the City and Contractor entered into an agreement for professional services for the Contractor to provide on-site blood draws, certain medical screenings, medical tests and limited treatment to persons who are arrested or taken into custody by City’s Police Department (“Agreement”).
- B. The Parties now desire to increase the amount of total compensation, to enable City’s Police Department to increase the use of Contractor’s services.

NOW, THEREFORE, in consideration of the Parties’ performance of the promises, covenants, and conditions stated herein, the Parties hereby amend the Agreement as follows:

Section 1. Section 3.A entitled “Compensation” is hereby amended to read as follows:

“As full compensation for Services satisfactorily rendered, City shall pay Contractor at the rates set forth in the Approved Fee Schedule attached hereto as **Exhibit B**. Commencing January 1, 2020, and each calendar year thereafter until the expiration or earlier termination of this Agreement, Contractor shall be paid an amount not-to-exceed \$72,500 per year. In no event shall Contractor be paid more than \$290,000 (the “Maximum Compensation”) during the term of this Agreement.”

Section 2. **Exhibit B** (Approved Fee Schedule) to the Agreement is hereby replaced with the Approved Fee Schedule attached to this Amendment as Exhibit B.

Section 3. Except as specifically amended by this Amendment No. 1, all other provisions of the Agreement shall remain in full force and effect.

IN WITNESS THEREOF, the Parties hereto have executed this Amendment No. 1 on the day and year first shown above.

CITY OF MANHATTAN BEACH

Vital Medical Services,
a limited liability corporation
(CONTRACTOR)

By: _____
Bruce Moe, City Manager

By: 
Name: Alex G. Ghazalpour
Title: Chief Operating Officer

ATTEST:

Liza Tamura, City Clerk

By: 
Name: Armen Vartanian
Title: Managing Director

APPROVED AS TO FORM:



Quinn M. Barrow, City Attorney

**EXHIBIT B
APPROVED FEE SCHEDULE**

[revised 12/17/19]

Service	Rate
Pre-Booking and Medical Screening Examination	\$ 495.00
Blood Draw	\$ 192.00
Forced or Warrant Blood Draw without Medical Clearance	\$ 384.00
Forced or Warrant Blood Draw with Medical Clearance	\$ 687.00
Post Exposure Hazard	\$ 995.00
Reasonable Suspicion Drug and Alcohol Testing	\$ 395.00
Cancellation Charge	\$ 240.00
Maximum Standby Hourly Rate	\$ 120.00
Testimony Maximum Hourly Rate	\$ 120.00
Nasal Narcan Program Administration Annual Fee	\$ 5,000.00

Beginning on January 1, 2021, and occurring annually on January 1st thereafter, rates will be adjusted to reflect the increase in the cost-of-living. Any such adjustments shall be based on the percentage change in the Consumer Price Index for All Urban Consumers for the Los Angeles-Orange County-Riverside Metropolitan Area published by the Bureau of Labor Statistics, US Department of Labor, for the most recent 12 months for which data is available. Service Rates will be rounded to the nearest dollar.

PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement ("Agreement") is dated ^{January} 22, 2018 ("Effective Date") and is between the City of Manhattan Beach, a California municipal corporation ("City") and Vital Medical Services, a limited liability company ("Contractor"). City and Contractor are sometimes referred to herein as the "Parties", and individually as a "Party".

RECITALS

A. City desires to utilize the services of Contractor to provide blood draws, certain medical screenings, medical tests and limited treatment to persons who are arrested or taken into custody by the City.

B. Contractor represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Contractor and Contractor desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

The Parties therefore agree as follows:

1. Contractor's Services.

A. Scope of Services. Contractor shall perform the services described in the Scope of Services (the "Services"), attached as **Exhibit A**. The Services include "Covered Services", as that term is defined in **Exhibit A**. City may request, in writing, changes in the Scope of Services to be performed. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the "City Representative"). For the purposes of this Agreement, the Contractor Representative shall be Alex G. Ghazalpour, Chief Operating Officer (the "Contractor Representative"). The Contractor Representative shall directly manage Contractor's Services under this Agreement. Contractor shall not change the Contractor Representative without City's prior written consent.

C. Time for Performance. Contractor shall commence the Services on the Effective Date and shall perform all Services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

D. Standard of Performance. Contractor shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like professionals under similar circumstances and in a manner reasonably satisfactory to City. Contractor shall devote such time to the performance of Contractor's duties under

this Agreement as is reasonably necessary to fulfill Contractor's obligations under this Agreement.

E. Personnel. Contractor has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Contractor or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services. Contractor agrees that all personnel shall be qualified to perform the Covered Services which they provide pursuant to this Agreement and shall be fully trained to safely and competently perform the services and procedures which they provide pursuant to this Agreement. Contractor shall be solely responsible for the safety and working conditions of the personnel performing Covered Services under this Agreement.

F. Compliance with Laws. Contractor shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements, including but not limited to the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"). Contractor has engaged the services of duly licensed professionals, as applicable, who shall provide the Covered Services to be provided under this Agreement. Any Covered Services that constitute the practice of medicine under California law shall be provided by physician(s) or physicians' assistants licensed to practice medicine in the State of California (and with respect to physicians' assistants, under the supervision of a medical doctor) engaged by Contractor to provide such Covered Services in their capacities as licensed healthcare professionals and in accordance with applicable laws, rules and regulations regarding the practice of medicine. In accordance with applicable law, all decisions, procedures, diagnoses, and treatments that constitute the practice of medicine shall be provided by duly licensed physicians who shall have sole and absolute discretion regarding all such matters. Contractor shall be responsible for maintaining the confidentiality of any protected health information that it obtains and which is protected by HIPAA, or under similar California law ("PHI"). Contractor shall seek and, if reasonably possible, obtain appropriate consents for the disclosure of PHI to police officers designated by City and shall make all determinations that medical information disclosed by Contractor is either not PHI and exempt from HIPAA and applicable California law, is covered by the consent of the arrestee or prisoner, or is otherwise exempt from the application of HIPAA. Contractor, and not City, shall be responsible for any civil or constitutional rights violations of arrestees or prisoners arising from any act or omission by Contractor or any its employees or agents. Contractor shall adhere to requirements concerning the custody of arrestees, including under California Penal Code Section 4000 et seq.

G. Permits and Licenses. Contractor shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of Services under this Agreement, including a business license.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through December 31, 2022, unless sooner terminated as provided in Section 12 of this Agreement or extended.

3. Compensation.

A. Compensation. As full compensation for Services satisfactorily rendered, City shall pay Contractor at the rates set forth in the Approved Fee Schedule attached hereto as **Exhibit B**. In no event shall Contractor be paid more than \$45,000 (the "Maximum Compensation") during the term of the Agreement.

B. Expenses. The amount set forth in paragraph 3.A. above shall include reimbursement for all actual and necessary expenditures reasonably incurred in the performance of this Agreement.

C. Additional Services. City shall not allow any claims for additional Services performed by Contractor, unless the City Council or City Representative, if applicable, and the Contractor Representative authorize the additional Services in writing prior to Contractor's performance of the additional Services or incurrence of additional expenses. Any additional Services or expenses authorized by the City Council or City Representative shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the Parties. City shall make payment for additional Services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Contractor shall submit to City an invoice, on a monthly basis for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. City shall review each invoice and notify Contractor in writing within ten business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the Maximum Compensation set forth in Section 3 of this Agreement. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Contractor.

C. Audit of Records. Contractor shall make all records, invoices, time cards, cost control sheets and other records maintained by Contractor in connection with this Agreement available during Contractor's regular working hours to City for review and audit by City.

5. Independent Contractor. Contractor is, and shall at all times remain as to City, a wholly independent contractor. Contractor shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Contractor or any of Contractor's employees, except as set forth in this Agreement. Contractor shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City.

6. Information and Documents.

A. Contractor covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Contractor or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Contractor without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Contractor, its officers, employees, agents, or subcontractors shall not without written authorization from the City Manager or unless requested in writing by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary," provided Contractor gives City notice of such court order or subpoena.

B. Contractor shall promptly notify 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 thereunder or with respect to any project or property located within the City. City may, but has no obligation to, represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, City's right to review any such response does not imply or mean the right by City to control, direct or rewrite the response.

C. All Data required to be furnished to City in connection with this Agreement shall become City's property, and City may use all or any portion of the Data submitted by Contractor as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services shall become City's sole property and may be used, reused or otherwise disposed of by City without Contractor's permission. Contractor may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Contractor.

D. Contractor's covenants under this Section 6 shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Contractor and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Contractor's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Contractor may perform similar Services for other clients, but Contractor and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Contractor is not currently performing work that would require Contractor or one

of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Contractor shall incorporate a clause substantially similar to this Section 7 into any subcontract that Contractor executes in connection with the performance of this Agreement.

8. Indemnification.

A. Indemnities for Third Party Claims.

1) To the fullest extent permitted by law, Contractor shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants, attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Contractor shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Contractor shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Contractor shall pay all required taxes on amounts paid to Contractor under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Contractor shall fully comply with the workers' compensation law regarding Contractor and Contractor's employees. Contractor shall indemnify and hold City harmless from any failure of Contractor to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Contractor under this Agreement any amount due to City from Contractor as a result of Contractor's failure to promptly pay to City any reimbursement or indemnification arising under this subparagraph A.2).

3) Contractor shall obtain executed indemnity agreements with provisions identical to those in this Section 8 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Contractor in the performance of this Agreement. If Contractor fails to obtain such indemnity obligations, Contractor shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from

and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Contractor's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, contractors or their officers, agents, servants or employees (or any entity or individual that Contractor's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties.

B. Workers' Compensation Acts not Limiting. Contractor's indemnifications and obligations under this Section 8, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Contractor expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Contractor because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section 8 shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against City.

D. Survival of Terms. Contractor's indemnifications and obligations under this Section 8 shall survive the expiration or termination of this Agreement.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Contractor shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of \$1,000,000.00 per occurrence for bodily injury and personal injury and a general aggregate limit of \$3,000,000.00. If Contractor is a limited liability company, the commercial general liability coverage shall be amended so that Contractor and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of \$1,000,000.00 per accident. If Contractor does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Contractor shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section 9.

3) Workers' Compensation Insurance as required by the State of California and Employer's Liability Insurance with a minimum limit of \$1,000,000.00 per accident for bodily injury or disease. If Contractor has no employees while performing Services under this Agreement, workers' compensation policy is not required, but Contractor shall execute a declaration that it has no employees.

4) Professional Liability [Errors and Omissions] Insurance with minimum limits of \$1,000,000.00 per claim and \$3,000,000.00 in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section 9 shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section 9.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming City, its officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section 9 shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its officers, employees, agents or volunteers, shall be in excess of Contractor's insurance and shall not contribute with it.

E. Contractor's Waiver of Subrogation. The insurance policies required under this Section 9 shall not prohibit Contractor and Contractor's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Contractor hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Contractor shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Contractor shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Contractor shall not cancel, reduce or otherwise modify the insurance policies required by this Section 9 during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section 9 is canceled or reduced in coverage or limits, Contractor shall, within two business days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Contractor does not maintain the policies of insurance required under this Section 9 in full force and effect during the term of this Agreement, or in the event any of Contractor's policies do not comply with the

requirements under this Section 9, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Contractor's expense, the premium thereon. Contractor shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Contractor.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Contractor shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section 9. The endorsements are subject to City's approval. Contractor may provide complete, certified copies of all required insurance policies to City. Contractor shall maintain current endorsements on file with City's Risk Manager. Contractor shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Contractor shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Contractor shall not be construed as a limitation of Contractor's liability or as full performance of Contractor's duty to indemnify City under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Contractor shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section 9.

10. Mutual Cooperation.

A. City's Cooperation. City shall provide Contractor with all pertinent Data, documents and other requested information as is reasonably available for Contractor's proper performance of the Services required under this Agreement.

B. Contractor's Cooperation. In the event any claim or action is brought against City relating to Contractor's performance of Services rendered under this Agreement, Contractor shall render any reasonable assistance that City requires.

11. Records and Inspections. Contractor shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Contractor shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. City may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Contractor at least five calendar days before the termination is to be effective. Contractor may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least 60 calendar days before the termination is to be effective.

B. Obligations upon Termination. Contractor shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Contractor, City shall pay Contractor based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Contractor be entitled to receive more than the amount that would be paid to Contractor for the full performance of the Services required by this Agreement. Contractor shall have no other claim against City by reason of such termination, including any claim for compensation.

13. Force Majeure. Contractor shall not be liable for any failure to perform its obligations under this Agreement if Contractor presents acceptable evidence, in City's sole judgment, that such failure was due to strikes, lockouts, labor disputes, embargoes, acts of God, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Contractor's reasonable control and not due to any act by Contractor.

14. Default.

A. Contractor's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Contractor is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Contractor for any work performed after the date of default.

B. If the City Manager or his delegate determines that Contractor is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Contractor with written notice of the default. Contractor shall have ten calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Contractor fails to cure its default within such period of time, City may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Contractor's and City's regular business hours, or (c) three business days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to City:

Attn: Lt. Andrew Harrod
Manhattan Beach Police Dept.
420 15th Street
Manhattan Beach, California 90266
Telephone: 310-802-5165
Email: aharrod@cityymb.info

If to Contractor:

Alex G. Ghazalpour
Vital Medical Services, LLC
655 North Central Avenue, 17th Floor
Glendale, CA 91203
310-324-1700
alex@vitalmedicalsolutions.com

With a courtesy copy to:

Quinn M. Barrow, City Attorney
1400 Highland Avenue
Manhattan Beach, California 90266
Telephone: (310) 802-5061
Email: qbarrow@cityymb.info

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Contractor shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Contractor will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

17. Prohibition of Assignment and Delegation. Contractor shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Contractor from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section 17 shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section 17, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach,

any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Contractor of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Contractor for anything done, furnished or relating to Contractor's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Contractor, its employees, sub-contractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Contractor, its employees, sub-contractors and agents.

21. Corrections. In addition to the above indemnification obligations, Contractor shall correct, at its expense, all errors in the work which may be disclosed during City's review of Contractor's report or plans. Should Contractor fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Contractor. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Contractor under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Contractor by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Contractor's services beyond the current fiscal year, the Agreement shall cover payment for Contractor's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

23. Exhibits. Exhibits A and B constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a provision of this Agreement and a provision of Contractor's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except

those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Manhattan Beach City Hall is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior or federal court with geographic jurisdiction over the City of Manhattan Beach.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover actual attorneys' fees, experts' fees, and other costs, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

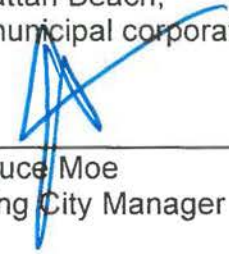
33. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.


City:

City of Manhattan Beach,
a California municipal corporation

By: 
Name: Bruce Moe
Title: Acting City Manager

Contractor:

Vital Medical Services,
a limited liability corporation

By: 
Name: Alex G. Ghazalpour
Title: Chief Operating Officer

ATTEST:

By:  1-22-18
Name: Liza Tamura
Title: City Clerk

By: 
Name: Armen Vartanian
Title: Managing Director

APPROVED AS TO FORM:

By: 
Name: Quinn M. Barrow
Title: City Attorney

APPROVED AS TO CONTENT:


By: 
Name: Bruce Moe
Title: Finance Director

EXHIBIT A SCOPE OF SERVICES

Definitions

1. "Authorization" means the approval of Covered Services to be issued by City and is obtained by completion of the appropriate form by City police officer and provided to Contractor, by City police officer or other authorized CITY personnel, prior to treatment.
2. "Covered Services" means those services set forth in this **Exhibit A** which are Medically Necessary Services (as that term is defined below).
3. "Medically Necessary Services" means those medical services provided by or under the supervision of a healthcare professional engaged by Contractor to provide such services, and which are determined by such healthcare professional, in accordance with standard practice in the medical community to be appropriate and necessary for the systems, diagnosis and treatment of a condition, illness or injury and are not experimental or investigative.

Covered Services

1. Legal specimen collection (DUI blood draws)
2. Pre-booking and medical screening physician examinations, including with respect to mental health and any communicable diseases. If imaging services or comprehensive lab tests are determined necessary, Contractor shall make appropriate recommendations to City with respect thereto and City shall transport the arrestee or Inmate to a local hospital emergency department or another facility, as determined by City, in accord with such recommendations.
3. Title 15 pregnancy testing.
4. Treatment of minor injuries and conditions, as appropriate.
5. Nasal Naloxone (Narcan) Program.
6. 5150 Transport Services.

Contractor shall be responsible for providing all necessary medical and other equipment and supplies in order for it to provide the Covered Services contemplated in this Agreement.

In addition, Contractor staff will be available to assist City with medical screening exams and blood draws at all DUI checkpoints ("DUI Assignments") established by City.

Contractor staff also will be available for depositions, courtroom testimony and responding to subpoenas (“Legal Testimony”) at an additional fee (see **Exhibit B**).

All equipment and supplies needed to provide the Covered Services will be supplied by Contractor, except for the DUI blood draw vials, which will be provided by the City through the County of Los Angeles.

Contractor shall provide Covered Services and/or shall cause such Covered Services as described hereto and incorporated herein by this reference in accordance with the provisions set forth below in this Section 2 and elsewhere in this Agreement. In addition, if requested by City, Contractor may provide additional services related to Occupational Safety and Hazard Exposure, at an additional fee to be agreed upon between the parties in writing.

Without the need for prior authorization by City, Contractor shall provide Covered Services, including, without limitation, medical screening evaluations, to each arrestee or prisoner as requested by a City police officer or other authorized representative of City. City shall notify Contractor that it is requesting Covered Services by telephone. Contractor shall use good faith efforts to ensure that, once Covered Services are requested, Contractor personnel shall arrive at City’s facilities within 30 (thirty) minutes of receiving the request. A City police officer or other authorized representative of City shall be present at all times during all medical screening evaluations. The purpose of the medical evaluation will be to evaluate an arrestee’s or prisoner’s medical condition, including any injuries, to determine if the arrestee or prisoner is healthy enough to go through City Police Department’s booking process, be placed in jail and/or to remain in jail. Covered Service shall be provided at City’s jail or other booking location, as requested by City.

If necessary, Contractor shall perform or cause to be performed minor evaluative tests and minor treatment procedures. If Contractor believes that an arrestee or prisoner needs a more in-depth procedure or test, Contractor shall inform City so City may determine if the arrestee or prisoner should be released from City’s custody and/or transferred to the custody of another law enforcement agency.

Contractor shall be solely responsible for evaluating the medical condition of any arrestee or prisoner and whether such arrestee or prisoner should be transferred to the care of other physicians or medical facilities.

Contractor shall be solely responsible for informing City’s booking officer of any medical condition that should be monitored by City while the arrestee or prisoner is in the custody of City and shall provide to the booking officer any recommendations or instructions necessary for the health, safety or welfare of any arrestee.

In the event that during the course of providing services under this Agreement, Contractor or any of its employees or agents shall determine that any medication or

medical procedure should or should not be prescribed or performed, Contractor shall be solely responsible for any such determination.

Medical Director Oversight

All Covered Services provided by Contractor hereunder shall be overseen and supervised by Contractor's Medical Director, who shall at all times during the term of this Agreement be licensed to practice medicine in California and who shall perform all required oversight and supervision required by applicable law with respect to the Covered Services. Contractor's Chief Medical Officer shall be on-call twenty-four (24) hours a day, seven (7) days a week.

Contractor, and not City, shall be responsible for the quality of medical care provided to any arrestee or prisoner by Contractor and all of its officers, employees, agents, and subcontractors performing Covered Services under this Agreement. Contractor, and not City, shall be fully responsible for all errors and omissions of Contractor, its officers, employees, agents, and subcontractors with respect to the provision of medical care to any arrestee or prisoner.

Reporting

Contractor shall, at such time and in such form as City may reasonably request, furnish such periodic reports and other information concerning the status of the services provided pursuant to this Agreement. Contractor will provide City with monthly reports which detail all encounters, Contractor will also include report numbers associated for all medical clearances and blood draws to City so that City can easily reconcile for their accounting purposes.

Records and Evidence

Contractor shall maintain full and accurate records with respect to all matters covered and all services provided under this Agreement. Upon reasonable prior written notice, and in accordance with federal and state laws dealing with privacy of personal health information, City may request access, during normal business hours, to such records pertaining to Covered Services provided under this Agreement. Contractor shall maintain the chain of custody and preserve all physical evidence collected by Contractor.

Occupational Safety and Hazard Exposure Services

If requested by the City, the Contractor may provide the following services related to Occupational Safety and Hazard, at an additional fee to be agreed upon between the parties:

1. Hepatitis Vaccinations, Influenza Vaccinations, and Tetanus Vaccinations
2. X-Ray's and MRI's
3. Post Hazard Exposure Lab Testing
4. Laboratory Testing
5. Workplace Ergonomics Assessment

**EXHIBIT B
APPROVED FEE SCHEDULE**

Pre-booking and medical screening examination: \$382.00 per examination

Blood draw: \$144.00 per Arrestee or Prisoner encounter

Post Exposure Hazard (Infectious Disease Exposure) testing: \$795.00 per person tested

5150 Transport Service: \$595.00 per transport

Court-testimony: \$55.00 per hour

Nasal Narcan Program Administration: \$175 per month

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Jeff Gibson, Interim Community Development Director
Laurie B. Jester, Planning Manager
Angelica Ochoa, Associate Planner
Eric Haaland, Associate Planner

SUBJECT:

Consider Adoption of Urgency Ordinance No. 19-0019-U and Urgency Ordinance No. 19-0020-U for Amendments to the Municipal Code and Local Coastal Program (LCP), Requiring an Equal Number of Replacement Units for Residential Dwelling Units that are Demolished (Interim Community Development Director Gibson).

ADOPT URGENCY ORDINANCE NOS. 19-0019-U AND 19-0020-U AMENDING THE MUNICIPAL CODE AND THE CITY'S LOCAL COASTAL PROGRAM REGARDING REPLACEMENT HOUSING

RECOMMENDATION:

Staff recommends that the City Council adopt Urgency Ordinance No. 19-0019-U and Urgency Ordinance No. 19-0020-U for Amendments to the Municipal Code and Local Coastal Program (LCP), requiring an equal number of replacement units for residential dwelling units that are demolished.

FISCAL IMPLICATIONS:

There is no fiscal implication associated with the adoption of the attached Interim Ordinances. However, development of the permanent Zoning Code and Local Coastal Amendments will require additional staff time.

BACKGROUND AND DISCUSSION:

The state legislature has adopted a new statute (SB 330 - the Housing Crisis Act) adding Government Code Section 66300, which provides - among other things - that "[a]n affected city . . . shall not approve a housing development project that will require the demolition of residential

dwelling units unless the project will create at least as many residential dwelling units as will be demolished.” The new statute, effective January 1, 2020, requires that housing must be replaced on a one-to-one basis. In other words, if a triplex is proposed to be demolished, the builder must construct 3 units.

“Housing development project” is not defined in Section 66300, and the definition of this term provided in a separate section of the Government Code is ambiguous. The proposed ordinance would clarify that the replacement requirement applies to a proposal for a single-family home, as well as all other types of housing. To avoid any possible ambiguity as to whether a single family house is considered a “housing development project,” staff has drafted an ordinance consistent with the intent of the statute. The ordinance will allow property owners who wish to demolish a duplex and build a single family house to build a single family house, provided a second unit (which may or may not be an ADU) is built.

It is common for new residential development projects in Manhattan Beach to permanently eliminate existing dwelling units. Duplexes and triplexes are often replaced by single-family homes, and neighboring properties are sometimes merged for a single dwelling’s use, by preference of the developer. The proposed Municipal Code and LCP ordinances would implement the State intent to preserve the number of existing housing units. The regulations would prohibit approval of projects that would reduce the number of legal dwelling units Citywide. Clarification is provided that a Junior Accessory Dwelling Unit (JADU) can be used to replace a demolished dwelling unit in Area Districts III and IV (beach area) if it qualifies as an “affordable” housing unit. With certain exceptions, ADUs are not otherwise permitted in Area Districts III and IV. A separate report detailing the new ADU and JADU regulations is included in this agenda.

The proposed regulation language would require projects to replace existing units on-site, and would allow the alteration and remodeling of existing legal nonconforming residential units to conform to the new regulations.

Interim Urgency Ordinances

The proposed Ordinances would be effective immediately and remain in effect for 45 days unless the City Council extends it at a future hearing. Staff expects that a hearing as well as the State required ten-day report will be scheduled for January 21, 2020. Additional State and City adjustments are likely to occur in the following year, and more permanent, ordinances would be reviewed by the Planning Commission and City Council after that initial period.

The City Council must make the following finding to adopt the Interim Urgency Ordinances, and they must be adopted by four-fifths votes: There is a current and immediate threat to the public health, safety, or welfare, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public health, safety, or welfare.

Some pending projects include dwelling unit reductions that conflict with the proposed Ordinance regulations. Projects submitted for Building Plan Check would be exempt from the new requirements, and Staff recommends a deadline for pending Planning applications be imposed as follows:

"Discretionary applications which include all of the submittal requirements for a complete application, that are accepted by the City before 5:30pm, December 17, 2019, are not subject to this urgency ordinance."

PUBLIC OUTREACH:

After analysis, staff determined that as an urgency item that public outreach was not required for this project, however a notice will be provided and a public hearing will be conducted in January.

ENVIRONMENTAL REVIEW:

Pursuant to Public Resources Code Section 21080.17 and CEQA Guidelines Section 15282(h), this Ordinance is exempt from the California Environmental Quality Act ("CEQA") because it is an ordinance regarding required replacement dwelling units to implement the provisions of Government Code Section 66300 and is therefore exempt from CEQA pursuant to Public Resources Code Section 21080.17 and California Code of Regulations Section 15282(h).

LEGAL REVIEW:

The City Attorney has approved the draft ordinances as to legal form.

ATTACHMENTS:

1. Urgency Ordinance No. 19-0019-U (Municipal Code)
2. Urgency Ordinance No. 19-0020-U (Local Coastal Program)

URGENCY ORDINANCE NO. 19-0019-U

AN INTERIM ORDINANCE OF THE CITY OF MANHATTAN BEACH
AMENDING THE MANHATTAN BEACH MUNICIPAL CODE TO
REGULATE RESIDENTIAL DEVELOPMENT PROJECTS THAT
REQUIRE THE DEMOLITION OF DWELLING UNITS, AND
MAKING A DETERMINATION OF EXEMPTION UNDER CEQA

THE MANHATTAN BEACH CITY COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. The City Council hereby amends Manhattan Beach Municipal Code Section 10.12.020 to regulate residential development projects that require the demolition, remodel or alteration of legal residential dwelling units that proposes to reduce the number of legal units, by adding subsection (Q) to the “Additional Use Regulations” column for “Residential Uses” to read as follows:

“(Q). The City shall not approve a residential development project that will require the demolition of legal residential dwelling units unless the project is consistent with Government Code Section 66300(d), as the same may be amended from time to time. For purposes of this subsection, a residential development project shall include remodels/alterations, as well as the construction of a single-family dwelling.

A junior accessory dwelling unit, as defined in Section 10.74.020 of this Code, may be constructed to comply with this subsection, and the property owner shall record a declaration of restrictions, in a form approved by the City Attorney, placing the following restrictions on the property, the property owner, and all successors in interest: (i) the property owner shall be an owner-occupant, unless the owner is a government agency, land trust, or housing organization; (ii) the junior accessory dwelling unit is to be rented only for terms of 30 days or longer; (iii) the junior accessory dwelling unit is to be rented only for an “affordable rent” as defined in Health and Safety Code Section 50053; (iv) the junior accessory dwelling unit is not to be sold or conveyed separately from the single-family dwelling; (v) the property owner and all successors in interest shall maintain the junior accessory dwelling unit and the property in accordance with all applicable junior accessory dwelling unit requirements and standards, including the restrictions on the size and attributes of the junior accessory dwelling unit provided in Government Code Section 65852.22; and (vi) that any violation will be subject to penalties as provided in Municipal Code Chapter 10.04. Proof of recordation of the covenant shall be provided to the City at a time deemed appropriate by the Director of Community Development.”

Section 2. Term. This Ordinance is an urgency ordinance for the immediate preservation of the public peace, health and safety within the meaning of Government Code Sections 65858 and 36937(b) and therefore shall be effective immediately upon its adoption. This Ordinance shall expire on January 31, 2020,

unless extended by the City Council at a regularly noticed public hearing, pursuant to California Government Code Section 36937(b).

Section 3. Legislative Findings. The City is currently studying the potential land use, public services, parking, traffic, and infrastructure effects of residential development projects that reduce the total number of residential dwelling units in the City. As the Legislature noted in its findings for Senate Bill No. 330, “California is experiencing a housing supply crisis, with housing demand far outstripping supply.” The Legislature also found that this housing crisis has resulted in – among other things – increased poverty and homelessness, longer commute times, higher exposure to fire hazard, and increasing greenhouse gas emissions. Residential development projects that reduce the number of dwelling units in the City will exacerbate the housing crisis and its various consequences. Unless the City adopts this interim urgency ordinance, the City may be compelled to approve a residential development project that may have severe negative impacts on the surrounding community or adopt permanent standards without the benefit of an inquiry and study on the appropriate restrictions on the approval of residential development projects in the City and in particular areas. Based upon the foregoing, the City Council hereby finds that there is a current and immediate threat to the public health, safety, or welfare if new residential development projects reduce the number of dwelling units in the City, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for such projects which is required in order to comply with the City’s Zoning Ordinance would result in that threat to public health, safety, or welfare. Due to the foregoing circumstances, it is necessary for the preservation of the public health, safety, and welfare for this Ordinance to take effect immediately. This Ordinance is an urgency ordinance for the immediate preservation of the public peace, health, and safety within the meaning of Government Code Sections 65858 and 36937(b) and therefore shall be passed immediately upon its introduction and shall become effective immediately upon its adoption.

The City intends to consider the adoption of permanent regulations within a reasonable time. The Planning Commission, the City Council and the people of Manhattan Beach require a reasonably limited, yet sufficient period of time to establish permanent regulations for residential development projects that require the demolition of dwelling units. Given the time required to schedule and conduct duly noticed public hearings before the Planning Commission and the City Council, the City Council finds that this Ordinance is necessary to prevent the approval of residential development projects with a reasonable potential to conflict with the City’s permanent regulations. The City Council has the authority to adopt an interim ordinance pursuant to Government Code Sections 65858 and 36937(b) in order to protect the public health, safety, or welfare.

Section 4. California Environmental Quality Act Exemption. The City Council determines that this ordinance is exempt from environmental review under

the California Environmental Quality Act, (California Public Resources Code §§ 21000, et seq., (“CEQA”) and the CEQA Guidelines (14 California Code of Regulations §§ 15000, et seq.) because this zoning ordinance implements the provisions of Government Code Section 65852.2 and is therefore exempt from CEQA pursuant to Public Resources Code Section 21080.17 and California Code of Regulations Section 15282(h). To the extent that any provisions of this ordinance are not exempt pursuant to Section 15282(h), the amendments are not subject to CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Section 5. Internal Consistency. Any provisions of the Municipal Code, or any other resolution or ordinance of the City, to the extent that they are inconsistent with this Ordinance are hereby repealed, and the City Clerk shall make any necessary changes to the Municipal Code for internal consistency.

Section 6. 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 any competent jurisdiction, such decision shall 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 7. Savings Clause. Neither the adoption of this Ordinance nor the repeal or amendment by this Ordinance of any ordinance or part or portion of any ordinance previously in effect in the City, or within the territory comprising the City, shall constitute a waiver of any license, fee or penalty or the penal provisions applicable to any violation of such ordinance.

Section 8. Discretionary and non-discretionary residential development applications which include all of the submittal requirements for a complete application, that are accepted by the City before 5:30 PM, December 17, 2019, are not subject to this urgency ordinance.

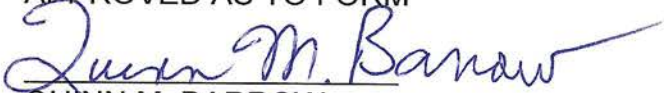
ADOPTED on December 17, 2019.

ATTEST:

NANCY HERSMAN
Mayor

LIZA TAMURA
City Clerk

APPROVED AS TO FORM



QUINN M. BARROW
City Attorney

URGENCY ORDINANCE NO. 19-0020-U

AN INTERIM ORDINANCE OF THE CITY OF MANHATTAN BEACH
AMENDING THE CITY'S LOCAL COASTAL PROGRAM TO
REGULATE RESIDENTIAL DEVELOPMENT PROJECTS THAT
REQUIRE THE DEMOLITION OF DWELLING UNITS, AND
MAKING A DETERMINATION OF EXEMPTION UNDER CEQA

THE MANHATTAN BEACH CITY COUNCIL HEREBY ORDAINS AS FOLLOWS:

Section 1. The City Council hereby amends Manhattan Beach Local Coastal Program Section A.12.020 to regulate residential development projects that require the demolition of residential dwelling units, by adding subsection (P) to the "Additional Use Regulations" column for "Residential Uses" to read as follows:

"(P). The City shall not approve a residential development project that will require the demolition of legal residential dwelling units unless the project is consistent with Government Code Section 66300(d), as the same may be amended from time to time. For purposes of this subsection, a residential development project shall include remodels/alterations, as well as the construction of a single-family dwelling.

A junior accessory dwelling unit, as defined in Section 10.74.020 of the Manhattan Beach Municipal Code, may be constructed to comply with this subsection, and the property owner shall record a declaration of restrictions, in a form approved by the City Attorney, placing the following restrictions on the property, the property owner, and all successors in interest: (i) the property owner shall be an owner-occupant, unless the owner is a government agency, land trust, or housing organization; (ii) the junior accessory dwelling unit is to be rented only for terms of 30 days or longer; (iii) the junior accessory dwelling unit is to be rented only for an "affordable rent" as defined in Health and Safety Code Section 50053; (iv) the junior accessory dwelling unit is not to be sold or conveyed separately from the single-family dwelling; (v) the property owner and all successors in interest shall maintain the junior accessory dwelling unit and the property in accordance with all applicable junior accessory dwelling unit requirements and standards, including the restrictions on the size and attributes of the junior accessory dwelling unit provided in Government Code Section 65852.22; and (vi) that any violation will be subject to penalties as provided in Municipal Code Chapter 10.04. Proof of recordation of the covenant shall be provided to the City at a time deemed appropriate by the Director of Community Development."

Section 2. Term. This Ordinance is an urgency ordinance for the immediate preservation of the public peace, health and safety within the meaning of Government Code Sections 65858 and 36937(b) and therefore shall be effective

immediately upon its adoption. This Ordinance shall expire on January 31, 2020, unless extended by the City Council at a regularly noticed public hearing, pursuant to California Government Code Section 36937(b).

Section 3. Legislative Findings. The City is currently studying the potential land use, public services, parking, traffic, and infrastructure effects of residential development projects that reduce the total number of residential dwelling units in the City. As the Legislature noted in its findings for Senate Bill No. 330, “California is experiencing a housing supply crisis, with housing demand far outstripping supply.” The Legislature also found that this housing crisis has resulted in – among other things – increased poverty and homelessness, longer commute times, higher exposure to fire hazard, and increasing greenhouse gas emissions. Residential development projects that reduce the number of dwelling units in the City will exacerbate the housing crisis and its various consequences. Unless the City adopts this interim urgency ordinance, the City may be compelled to approve a residential development project that may have severe negative impacts on the surrounding community or adopt permanent standards without the benefit of an inquiry and study on the appropriate restrictions on the approval of residential development projects in the City and in particular areas. Based upon the foregoing, the City Council hereby finds that there is a current and immediate threat to the public health, safety, or welfare if new residential development projects reduce the number of dwelling units in the City, and that the approval of additional subdivisions, use permits, variances, building permits, or any other applicable entitlement for such projects which is required in order to comply with the City’s Local Coastal Program would result in that threat to public health, safety, or welfare. Due to the foregoing circumstances, it is necessary for the preservation of the public health, safety, and welfare for this Ordinance to take effect immediately. This Ordinance is an urgency ordinance for the immediate preservation of the public peace, health, and safety within the meaning of Government Code Sections 65858 and 36937(b) and therefore shall be passed immediately upon its introduction and shall become effective immediately upon its adoption.

The City intends to consider the adoption of permanent regulations within a reasonable time. The Planning Commission, the City Council and the people of Manhattan Beach require a reasonably limited, yet sufficient period of time to establish permanent regulations for residential development projects that require the demolition of dwelling units. Given the time required to schedule and conduct duly noticed public hearings before the Planning Commission and the City Council, the City Council finds that this Ordinance is necessary to prevent the approval of residential development projects with a reasonable potential to conflict with the City’s permanent regulations. The City Council has the authority to adopt an interim ordinance pursuant to Government Code Sections 65858 and 36937(b) in order to protect the public health, safety, or welfare.

Section 4. California Environmental Quality Act Exemption. The City Council determines that this ordinance is exempt from environmental review under the California Environmental Quality Act, (California Public Resources Code §§ 21000, et seq., (“CEQA”) and the CEQA Guidelines (14 California Code of Regulations §§ 15000, et seq.) because this zoning ordinance implements the provisions of Government Code Section 65852.2 and is therefore exempt from CEQA pursuant to Public Resources Code Section 21080.17 and California Code of Regulations Section 15282(h). To the extent that any provisions of this ordinance are not exempt pursuant to Section 15282(h), the amendments are not subject to CEQA pursuant to CEQA Guidelines Section 15061(b)(3), because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

Section 5. Internal Consistency. Any provision of the Local Coastal Program, to the extent that it is inconsistent with this Ordinance is hereby repealed, and the City Clerk shall make any necessary changes to the Local Coastal Program for internal consistency.

Section 6. 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 any competent jurisdiction, such decision shall 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 7. Savings Clause. Neither the adoption of this Ordinance nor the repeal or amendment by this Ordinance of any ordinance or part or portion of any ordinance previously in effect in the City, or within the territory comprising the City, shall constitute a waiver of any license, fee or penalty or the penal provisions applicable to any violation of such ordinance.

Section 8. Discretionary and non-discretionary residential development applications which include all of the submittal requirements for a complete application, that are accepted by the City before 5:30 PM, December 17, 2019, are not subject to this urgency ordinance.

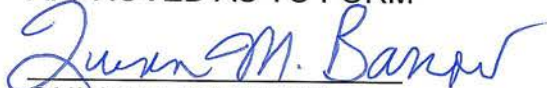
ADOPTED on December 17, 2019.

ATTEST:

NANCY HERSMAN
Mayor

LIZA TAMURA
City Clerk

APPROVED AS TO FORM



QUINN M. BARROW
City Attorney

Agenda Date: 12/17/2019

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Stephanie Katsouleas, Public Works Director

Prem Kumar, City Engineer

Adilia Miller, Senior Civil Engineer

SUBJECT:

Consider: 1) Adopting Resolution 19-0117: Awarding a Construction Agreement to PALP, Inc. DBA Excel Paving Company for the Street Resurfacing Project - Cycle 1 for \$1,329,859; Approving the Plans and Specifications for the Project; and Authorizing the City Manager to Approve Additional Work, if Necessary, for up to \$164,903; 2) Adopting Resolution No. 19-0118 Awarding an Inspection Services Agreement to Quantum Quality Consulting, Inc. for the Project for \$75,250; and 3) Appropriating \$108,021 from the Gas Tax Fund Unreserved Fund Balance (Public Works Director Katsouleas).

- a) **ADOPT RESOLUTION NOS. 19-0117 AND 19-0118 APPROVING AGREEMENTS**
 - b) **APPROPRIATE FUNDS**
-

RECOMMENDATION:

Staff recommends that the City Council:

1. Adopt Resolution No. 19-0117:
 - a. Awarding a construction agreement to Palp, Inc. DBA Excel Paving Company for the Street Resurfacing Project - Cycle 1 for \$1,329,859 and authorizing the City Manager to execute the agreement;
 - b. Approving the Plans and Specifications for the Project; and
 - c. Authorizing the City Manager to approve additional work, if necessary, for up to \$164,903 (12.4% of the agreement).
2. Adopt Resolution No. 19-0118 awarding an inspection services agreement to Quantum Quality Consulting, Inc. for the Project for \$75,250 and authorizing the City Manager to execute the agreement.
3. Appropriate an additional \$108,021 from the Gas Tax Fund Unreserved Fund Balance

for the Project.

FISCAL IMPLICATIONS:

If City Council approves staff's request to appropriate an additional \$108,021 from the Gas Tax Unreserved Fund balance, then sufficient funds will be available to complete the project for a total of \$1,570,012 using Gas Tax and Proposition C funds. The attached Budget and Expenditure report provides a summary of the detailed funding plan. Any unused funds will revert to the Gas Tax fund balance for future projects. The additional funding request of \$108,021 is needed to complete Additive Bids A and C, which include two additional degraded street segments (see attached Location Map).

BACKGROUND:

The City is responsible for the repair and maintenance of over 100 linear street miles that vary in age and condition, and which require varying treatments in order to maintain them at high standards. Based on the 2018 Pavement Management Program Report's Pavement Condition Index (PCI) rating, staff has prioritized several low-scoring street segments to be resurfaced over the next three budget years. Simply stated, these street segments are in the greatest need of attention, and staff has planned to utilize the most cost-effective methods available to preserve the life of the pavement for each segment.

City Council awarded a Professional Design Services agreement to Ardurra Group, Inc. (also known as AndersonPenna Partners, Inc.) on April 16, 2019, for the Cycle 1 Project for \$160,983. The scope of work entailed the preparation of plans, technical specifications, cost estimates for appropriate resurfacing treatments for several street segments, the preparation of bidding documents, and design support services during the construction phase. Construction-related plans and specifications for the Cycle 1 Project were completed and put out to bid in the fall of 2019.

DISCUSSION:

Construction Bids

Base and Additive bids for the Cycle 1 Project (Bid No. 1213-20) were solicited on a competitive basis in accordance with the provisions of the California Public Contract Code. The project was advertised for bid in the City's publisher of record (Beach Reporter), in several construction industry publications, and was listed on the City's website and BidSync, an online service that connects vendors, suppliers, and contractors to government procurement opportunities. Staff also notified over 60 contractors on the City's contractor database regarding this project.

A total of six competitive bids were received and opened on October 22, 2019. The bid documents determine the lowest bidder based on total bid price, which includes base bid items plus all additive alternate bid (schedule A+B+C) items. However, for this project, only the base bid and additive alternate bid schedule A and C will be awarded (which are listed below). The pavement resurfacing work in additive alternate bid schedule B will be delayed, and instead performed as part of the Cycle 1 Water Infrastructure Improvements Project anticipated to be awarded by City Council in spring 2020. The attached map identifies all of the street segments that will be addressed under this project.

The base bid plus additive bid schedule A and C results are as follows:

Contractor	Total Base Bid	Total Additive <u>Bids A&C</u>	<u>Total Price</u>
PALP, Inc. DBA Excel Paving Co. Long Beach, CA	\$1,101,382	\$228,477	\$1,329,859
Sully-Miller Contracting Co. Brea, CA	\$1,256,840	\$235,845	\$1,492,685
American Asphalt South, Inc., Fontana, CA	\$1,329,909	\$301,321	\$1,631,230
Handy & Harper Inc. Lake Forest, CA (See Note 1 below)	\$1,080,891	\$309,289	\$1,390,180
Onyx Paving Company Inc. Anaheim, CA (See Note 2 below)	\$1,162,340	\$325,000	\$1,487,340
Sequel Contractors Inc. Santa Fe Springs, CA	\$1,173,600	\$221,136	\$1,394,736

Correction notes on bids received:

Note 1: The bidder stated that the: 1) total based bid was \$1,080,991, which was \$100 more than the correctly added totals, and 2) total additive bid schedule C was \$120,070, which was \$1,416 more than the correctly added totals.

Note 2: The bidder stated that the total base bid was \$1,160,000, which was \$2,340 less than the actual unit price rates of the base bid multiplied by the stated quantities; the unit rate bid governs under the Public Contracting Code.

After analyzing all bid packets for arithmetical errors, completeness, accuracy, etc. PALP Inc. Excel Paving Company was deemed to be the apparent lowest bidder. It was noted that PALP Inc. DBA Excel Paving Company's bid package (attached) contained one missing piece of documentation. It did not originally include evidence indicating the capacity of the person(s) signing the Bid to bind the Bidder. In consultation with the City Attorney's Office, it was determined that the variance shown on PALP Inc. DBA Excel Paving Company's bid packet and the subsequent submittal of the evidence indicating the capacity of the person(s) signing the Bid to bind the Bidder are both immaterial deviations for the purposes of considering its bid as responsive. Staff reviewed PALP Inc. DBA Excel Paving Company's contractor license and found it to be in order. Additionally, references indicate PALP Inc. DBA Excel Paving Company has the knowledge and capability to complete the work in a timely and acceptable manner.

Inspection Services

The Public Works Department issued a Request for Proposals (RFP) on October 16, 2019, for construction inspection services for the project. The RFP was listed on the City's website and BidSync, an online service that connects vendors, suppliers and contractors to government procurement opportunities. Nine proposals were received on November 5, 2019; they were evaluated and ranked by an evaluation committee of City staff according to the following selection criteria:

- Demonstrated understanding of the Scope of Services requested;
- Firm qualifications and experience performing similar work;
- Project management methods and quality control;
- Qualification and experience of key personnel;
- Qualifications and need for sub-consultants; and
- Timeliness/Schedule

Based on the selection criteria, Quantum Quality Consulting, Inc. had the best overall proposal at the best value. The firm has excellent experience on similar projects and the references contacted confirmed Quantum Quality Consulting, Inc. has provided outstanding services. The Proposal's scope of work and methodology were clearly outlined, sufficient resources were identified to complete the project in a timely manner, and the staff is well qualified, having previously performed inspection services for many other municipalities.

Therefore, staff recommends that City Council: 1) authorize the City Manager to award a construction agreement to PALP Inc. DBA Excel Paving Company for \$1,329,859 and approve additional work, if necessary, for up to \$164,903; 2) award an Inspection Services Agreement to Quantum Quality Consulting, Inc. for \$75,250; and 3) appropriate an additional \$108,021 from the Gas Tax Fund Unreserved Fund Balance. Construction is anticipated to start in late January 2020, and be completed by June 2020.

PUBLIC OUTREACH:

On July 8, 2019, the Department of Public Works, Engineering Division sent a Public Notice notifying residents adjacent to the work about the commencement of the design phase of the Street Resurfacing Project, and the expected construction phase of the Cycle 1 Project. Following that notification, a public meeting was held on September 9, 2019, at 6:00 P.M. at Marine Avenue Park to review the design plans with the residents and answer any questions they had about the project. Additional notices will be sent to residents adjacent to the work once the project is ready to commence with construction.

ENVIROMENTAL REVIEW:

The City has reviewed the proposed project for compliance with the California Environmental Quality Act (CEQA) and has determined that the project qualifies for a Categorical Exemption pursuant to Section 15301 Class 1 (repair and maintenance of existing public facilities, involving negligible or no expansion of use) of the State CEQA Guidelines. A Notice of Exemption was filed with the Los Angeles County Clerk's Office for the Project.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Resolution No. 19-0117
2. Agreement - PALP Inc. DBA Excel Paving Company
3. Bid Proposal
4. Resolution No. 19-0118
5. Agreement - Quantum Quality Consulting, Inc.
6. Location Map
7. Plans and Specifications (Web-Link Provided)
8. Budget and Expenditures Summary

RESOLUTION NO. 19-0117

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL AWARDING A CONSTRUCTION CONTRACT TO PALP, INC. DBA EXCEL PAVING COMPANY FOR STREET RESURFACING PROJECT – CYCLE 1 FOR \$1,329,859; APPROVING THE PLANS AND SPECIFICATIONS THEREFOR; APPROPRIATING FUNDS FROM GAS TAX FUND UNRESERVED FUND BALANCE FOR \$108,021; AND AUTHORIZING THE CITY MANAGER TO APPROVE ADDITIONAL WORK, IF NECESSARY, FOR UP TO \$164,903

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council hereby awards a construction agreement to Palp, Inc. DBA Excel Paving Company for Street Resurfacing Project – Cycle 1 (“Project”) and authorizes the City Manager to execute the agreement dated December 17, 2019, in the amount of \$1,329,859. The City Manager is further authorized to approve additional work, if necessary, in the amount not-to-exceed \$164,903.

SECTION 2. The City Council hereby approves the plans and specifications for the Project.

SECTION 3. The City Council hereby approves an appropriation of \$108,021 from the Gas Tax Fund Unreserved Fund Balance to CIP-19105E.

SECTION 5. The City Clerk shall certify to the passage and adoption of this Resolution.

ADOPTED on December 17, 2019.

AYES:
NOES:
ABSENT:
ABSTAIN:

NANCY HERSMAN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

CONTRACT

CITY OF MANHATTAN BEACH CONTRACT FOR STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

THIS CONTRACT ("Contract") is made and entered this 17th day of December, 2019 ("Effective Date"), by and between the CITY OF MANHATTAN BEACH, a California municipal corporation ("City") and PALP, Inc. dba Excel Paving Company, a California Corporation ("Contractor"). The Contractor's California State Contractor's license number is 688659 "A".

In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Contract Documents. The Contract Documents consist of this Contract, the Notice Inviting Bids, Instructions to Bidders, Bid (including documentation accompanying the Bid and any post-Bid documentation submitted before the Notice of Award), the Bonds, permits from regulatory agencies with jurisdiction, General Provisions, Special Provisions, Plans, Standard Plans, Standard Specifications, Reference Specifications, Addenda, Change Orders, and Supplemental Agreements. The Contract Documents are attached hereto and incorporated herein by reference.

2. Scope of Services. The Contractor shall perform and provide all materials, tools, equipment, labor, and services necessary to complete the Work in a good and workmanlike manner for the project identified as **STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1** ("Project"), as described in the Contract Documents.

3. Compensation.

3.1 Contract Price and Basis for Payment. In consideration for the Contractor's full, complete, and timely performance of the Work required by the Contract Documents, the City shall pay the Contractor for the actual quantity of Work required under the Bid Items awarded by the City performed in accordance with the lump sum prices and unit prices for Bid Items, set forth in the Bidder's Proposal submitted with the Bid. The sum of the unit prices and lump sum prices for the Bid Items, awarded by the City is \$1,329,858.50 ("Contract Price"). It is understood and agreed that the quantities set forth in the Bidder's Proposal for which unit prices are fixed are estimates only and that the City will pay and the Contractor will accept, as full payment for these items of work, the unit prices set forth in the Bidder's Proposal multiplied by the actual number of units performed, constructed, or completed as directed by the Engineer.

3.2 Payment Procedures. Based upon applications for payment submitted by the Contractor to the City, the City shall make payments to the Contractor in accordance with Section 9 of the Standard Specifications, as modified by Section 9 of the General Provisions.

4. Contract Time.

4.1 Initial Notice to Proceed. The City shall issue the "Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials." The date specified in the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials constitutes the date of commencement of the Contract Time of **75 Working Days**. The Contract Time includes the time necessary to fulfill preconstruction requirements, place the order for materials, and to complete construction of the Project (except as adjusted by subsequent Change Orders).

The Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials shall further specify that the Contractor must complete the preconstruction requirements and order materials within **10 Working Days** after the date of commencement of the Contract Time; this duration is part of the Contract Time.

Preconstruction requirements include, but are not limited to, the following:

- Submitting and obtaining approval of Traffic Control Plans
- Submitting and obtaining approval of the Stormwater Pollution Prevention Plan (SWPPP)/Water Pollution Control Plan (WPCP)
- Submitting and obtaining approval of critical required submittals
- Installation of the approved Project Identification Signs
- Obtaining an approved no fee Encroachment Permit
- Obtaining a Temporary Use Permit for a construction yard
- Notifying all agencies, utilities, residents, etc., as outlined in the Contract Documents

4.2 Notice to Proceed with Construction. After all preconstruction requirements are met and materials have been ordered in accordance with the Notice to Proceed to Fulfill Preconstruction Requirements and Order Materials, the City shall issue the "Notice to Proceed with Construction," at which time the Contractor shall prosecute the Work within **10 working days**, including corrective items of Work, day to day thereafter, within the remaining Contract Time.

5. Liquidated Damages for Delay and Control of Work.

5.1 Liquidated Damages. The Contractor and the City have agreed to liquidated damages pursuant to Section 6-9 of the General Provisions. The liquidated damages is hereby amended to **\$1,000 per day**.

6. Early Completion.

"NOT USED"

7. Work after Stop Work Notice. Any work completed by the Contractor after the issuance of a Stop Work Notice by the City shall be rejected and/or removed and replaced as specified in the applicable Section of the Special Provisions.

8. Antitrust Claims. In entering into this Contract, the Contractor offers and agrees to assign to the City all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. § 15) or under the Cartwright Act (Business and Professions Code Section 16700 *et seq.*) arising from purchases of goods, services, or materials pursuant to the Contract. This assignment shall be made and become effective at the time the City tenders final payment to the Contractor without further acknowledgment by the parties.

9. Prevailing Wages. The City and the Contractor acknowledge that the Project is a public work to which prevailing wages apply.

10. Workers' Compensation. Labor Code Sections 1860 and 3700 provide that every contractor will be required to secure the payment of compensation to its employees. In accordance with the provisions of Labor Code Section 1861, by signing this Contract, the Contractor certifies as follows:

"I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that Code, and I will comply with such provisions before commencing the performance of the Work of this Contract."

11. Titles. The titles used in this Contract are for convenience only and shall in no way define, limit or describe the scope or intent of this Contract or any part of it.

12. Authority. Any person executing this Contract on behalf of the Contractor warrants and represents that he or she has the authority to execute this Contract on behalf of the Contractor and has the authority to bind the Contractor to the performance of its obligations hereunder.

13. Entire Agreement. This Contract, including the Contract Documents and any other documents incorporated herein by specific reference, represents the entire and integrated Contract between the City and the Contractor. This Contract supersedes all prior oral or written negotiations, representations or agreements. This Contract may not be modified or amended, nor any provision or breach waived, except in a writing signed by both parties that expressly refers to this Contract.

14. Counterparts. This Contract may be executed in counterpart originals, duplicate originals, or both, each of which is deemed to be an original for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year first above written.

CITY OF MANHATTAN BEACH

By: _____
City Manager

ATTEST:

APPROVED AS TO FORM:

By: _____
City Clerk

By: _____
City Attorney

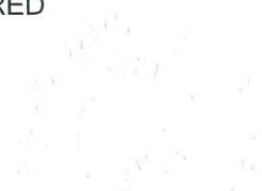
Dated: _____

("CONTRACTOR")

By: *Curtis P. Brown III*
NAME Curtis P. Brown III TITLE
President

By: *Marcia Miller*
NAME Marcia Miller TITLE
Secretary

PROOF OF AUTHORITY TO BIND
CONTRACTING PARTY REQUIRED



CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On 11/19/19 before me, A. Henderson, Notary Public,
(Here insert name and title of the officer)

personally appeared Curtis P. Brown III and Marcia Miller,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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.

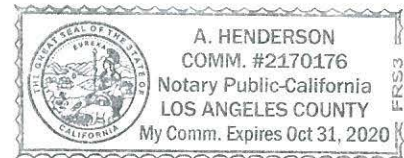
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

A. Henderson

Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

Individual (s)

Corporate Officer

(Title)

Partner(s)

Attorney-in-Fact

Trustee(s)

Other _____

CHECKLIST FOR BIDDERS

The following information is required of all Bidders at the time of Bid submission:

- Completed and Signed Bid Schedule, and a Bid Cover Form (Sheet B-1)
- Completed and Signed Contractor's Statement
- Completed References Form
- Completed Subcontractor Designation Form
- Completed, Signed and Notarized Bid Bond or Other Security Form
- Signed and Notarized Noncollusion Declaration Form
- Completed and Signed Addenda Acknowledgement Form
- Evidence satisfactory to the City indicating the capacity of the person(s) signing the Bid to bind the Bidder

Failure of the Bidder to provide all required information in a complete and accurate manner may cause the Bid to be considered non-responsive.

BID

**CITY OF MANHATTAN BEACH
STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1**

TO THE HONORABLE MAYOR AND CITY COUNCIL OF THE CITY OF MANHATTAN BEACH:

The undersigned, as Bidder, declares that: (1) this Bid is made without collusion with any other person and that the only persons or parties interested as principals are those named herein; (2) the undersigned has carefully examined the Contract Documents (including all Addenda) and the Project site; and (3) the undersigned has investigated and is satisfied as to the conditions to be encountered, the character, quality and quantities of Work to be performed, and the materials to be furnished. Furthermore, the undersigned agrees that submission of this Bid shall be conclusive evidence that such examination and investigation have been made and agrees, in the event the Contract be awarded to it, to execute the Contract with the City of Manhattan Beach to perform the Project in accordance with the Contract Documents in the time and manner therein prescribed, and to furnish or provide all materials, labor, tools, equipment, apparatus and other means necessary so to do, except as may otherwise be furnished or provided under the terms of the Contract Documents, for the following stated unit prices or lump-sum price as submitted on the Bid herein.

This Bid is made with the full knowledge of the kind, quantity, and quality of the materials and Work required and, if it is accepted by the City, the Bidder shall enter into a Contract and furnish the bonds, insurance, and other documents as required by the Contract Documents within ten calendar days after award of the Contract. The Bidder agrees that failure to execute and return the Contract or the required faithful performance bond, labor and materials payment bond, warranty bond, and insurance certificates to the City within the ten calendar day period shall be sufficient cause for the rescission of the award and forfeiture of the Bid Security to the City to the extent permitted by law.

Accompanying this Bid is cash, a cashier's check, a certified check or a Bid Bond in an amount equal to at least ten percent of the total aggregate Bid price based on the quantities shown and the unit prices quoted. The undersigned further agrees that, should it be awarded the Contract and thereafter fail or refuse to execute the Contract and provide the required evidence of insurance and Bonds within ten calendar days after delivery of the Contract to the undersigned, then the cash, check or Bid Bond shall be forfeited to the City to the extent permitted by law.

CITY OF MANHATTAN BEACH

BID SCHEDULE FOR

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

Bidder's Name: PALP, INC DBA EXCEL PAVING
 Bidder's Address: 2230 LEMON AVE
LONG BEACH, CA 90806

To the Honorable Mayor and Members of the City Council:

In compliance with the Notice Inviting Bids, the undersigned hereby agrees to execute the Contract to furnish all labor, materials, equipment and supplies for the Project in accordance with the Contract Documents to the satisfaction and under the direction of the City Engineer, at the following prices:

Base Bid Items as Follows:

BASE BID AMOUNT:

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
1		Mobilization (5% maximum of Total Bid Items Amount)	%	LS	\$ 50000.-	\$ 50000.-
2	S	Stormwater Control, BMPs NPDES Compliance, and Permit (5% maximum of Total Bid Items Amount)	%	LS	\$ 30000.-	\$ 30000.-
3	S	Traffic Control (including construction signs)	%	LS	\$ 80000.-	\$ 80000.-
4	S	Monument Preservation, Restoration and Survey	%	LS	\$ 12000.-	\$ 12000.-
5		Remove Existing and Construct New 4" Thick PCC Sidewalk	3,095	SF	\$ 11.-	\$ 34045.-

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
6		Remove Existing and Construct New Curb Ramp	61	EA	\$ 5700.-	\$ 347700.-
7		1.5" Cold Mill	36,519	SY	\$ 3.-	\$ 109557.-
8		Type III C3-PG64-10 AC Pavement	5	TONS	\$ 500.-	\$ 2500.-
9		Asphalt Rubber Hot Mix (1.5" thick)	3,086	TON	\$ 87.-	\$ 268482.-
10		Tensor GLASPAVE25	36,519	SY	\$ 2.50	\$ 91297.50
11		Unclassified Excavation (3" thick)	5	CY	\$ 200.-	\$ 1000.-
12	S	Double Adjust Sewer Manhole To Grade	38	EA	\$ 800.-	\$ 30400.-
13	S	Double Adjust Storm Drain Manhole To Grade	5	EA	\$ 800.-	\$ 4000.-
14	S	Double Adjust Water Valve Cover To Grade	25	EA	\$ 500.-	\$ 12500.-
15	F	Scan Street to Locate any Buried Water Valve and/or Manhole Covers	%	LS	\$ 5000.-	\$ 5000.-
16	F	Field Walk with City, Clean-up Debris in Water Valves and Manhole Covers	%	LS	\$ 800.-	\$ 800.-
17	S	Relocate Postal Service Mail Box	1	EA	\$ 500.-	\$ 500.-

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
18	F, S	Profilograph	%	LS	\$ 4000.-	\$ 4000.-
19	S	Signing and Striping	%	LS	\$ 15000.-	\$ 15000.-
20		Type "D" Loop Detector	1	EA	\$ 1400.-	\$ 1400.-
21		Type "E" Loop Detector	1	EA	\$ 1200.-	\$ 1200.-
TOTAL BASE BID ITEMS AMOUNT						\$ 1101381.50

NOTE: Estimated quantities are for the purpose of Bid comparison only; payments will be made on the basis of actual measurement of Work completed, except for lump sum (LS) and final pay (F) quantities. (S) denotes a specialty item. (F) and (S) will be specified in the "Code" Column. The Bid Price shall include, but not limited to, sales tax and all other applicable taxes and fees. Lump sum Bid Items 1 and 2 of Base Bid list shall be inclusive and shall assume performing all works required under Base and Alternate Bid Items below. See also Section 9-2 of the General Provisions.

**ADDITIVE ALTERNATE BID SCHEDULE A ITEMS: IMPROVEMENTS ON 15th STREET
(Ardmore to Laurel)**

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
1		Mobilization (5% maximum of Total Bid Items Amount)	%	LS	\$7000.-	\$7000.-
2	S	Stormwater Control, BMPs NPDES Compliance, and Permit (5% maximum of Total Bid Items Amount)	%	LS	\$500.-	\$500.-
3	S	Traffic Control (including construction signs)	%	LS	\$7000.-	\$7000.-
4	S	Monument Preservation, Restoration and Survey	%	LS	\$2000.-	\$2000.-
5		Remove Existing and Construct New 4" Thick PCC Sidewalk	759	SF	\$11.-	\$8349.-
6		Remove Existing and Construct New Curb Ramp	7	EA	\$5800.-	\$40600.-
7		Remove Existing and Construct New 8" Thick PCC <u>Commercial</u> Driveway Approach	188	SF	\$20.-	\$3760.-
8		1.5" Cold Mill	4,509	SY	\$3.-	\$13527.-
9		Type III C3-PG64-10 AC Pavement	3	TON	\$800.-	\$2400.-
10		Asphalt Rubber Hot Mix (1.5" Thick)	383	TON	\$87.-	\$33321.-
11		Tensar GLASPAVE25	4,509	SY	\$3.-	\$13527.-

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
12		Unclassified Excavation (3" thick)	2	CY	\$ 200.-	\$ 400.-
13	S	Double Adjust Sewer Manhole To Grade	7	EA	\$ 800.-	\$ 5600.-
14	S	Double Adjust Water Valve Cover To Grade	5	EA	\$ 500.-	\$ 2500.-
15	F	Scan Street to Locate any Buried Water Valve and/or Manhole Covers	%	LS	\$ 1000.-	\$ 1000.-
16	F	Field Walk with City, Clean-up Debris in Water Valves and Manhole Covers	%	LS	\$ 400.-	\$ 400.-
17	F,S	Profilograph	%	LS	\$ 3000.-	\$ 3000.-
18	S	Signing and Striping	%	LS	\$ 5000.-	\$ 5000.-
19		Type "D" Loop Detector	1	EA	\$ 1400.-	\$ 1400.-
20		Type "E" Loop Detector	1	EA	\$ 1200.-	\$ 1200.-
TOTAL ALTERNATE BID SCHEDULE A ITEMS AMOUNT						\$ 152484.-

**ADDITIVE ALTERNATE BID SCHEDULE B ITEMS: IMPROVEMENTS ON 14th STREET
(Ardmore to Pacific)**

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
1		Mobilization (5% maximum of Total Bid Items Amount)	%	LS	\$6000.-	\$6000.-
2	S	Stormwater Control, BMPs NPDES Compliance, and Permit (5% maximum of Total Bid Items Amount)	%	LS	\$2000.-	\$2000.-
3	S	Traffic Control (including construction signs)	%	LS	\$7500.-	\$7500.-
4	S	Monument Preservation, Restoration and Survey	%	LS	\$2000.-	\$2000.-
5		Remove Existing and Construct New 4" Thick PCC Sidewalk	470	SF	\$11.-	\$5170.-
6		Remove Existing and Construct New Curb Ramp	9	EA	\$5700.-	\$51300.-
7		1.5" Cold Mill	3,947	SY	\$3.-	\$11841.-
8		Asphalt Rubber Hot Mix (1.5" Thick)	333	TON	\$87.-	\$28971.-
9		Tensar GLASPAVE25	3,947	SY	\$3.-	\$11841.-
10	S	Double Adjust Sewer Manhole To Grade	5	EA	\$800.-	\$4000.-
11	S	Double Adjust Water Valve Cover To Grade	2	EA	\$500.-	\$1000.-

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
12	F	Scan Street to Locate any Buried Water Valve and/or Manhole Covers	%	LS	\$ 1000.-	\$ 1000.-
12	F	Field Walk with City, Clean-up Debris in Water Valves and Manhole Covers	%	LS	\$ 400.-	\$ 400.-
13	F, S	Profilograph	%	LS	\$ 3000.-	\$ 3000.-
14	S	Signing and Striping	%	LS	\$ 3000.-	\$ 3000.-
TOTAL ALTERNATE BID ITEMS SCHEDULE B AMOUNT						\$ 139023.-

ADDITIVE ALTERNATE BID SCHEDULE C ITEMS: IMPROVEMENTS ON 14th STREET

(Poinsettia to John)

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
1		Mobilization (5% maximum of Total Bid Items Amount)	%	LS	\$3000.-	\$3000.-
2	S	Stormwater Control, BMPs NPDES Compliance, and Permit (5% maximum of Total Bid Items Amount)	%	LS	\$1000.-	\$1000.-
3	S	Traffic Control (including construction signs)	%	LS	\$7500.-	\$7500.-
4	S	Monument Preservation, Restoration and Survey	%	LS	\$800.-	\$800.-
5		Remove Existing and Construct New Curb Ramp	1	EA	\$5400.-	\$5400.-
6		2' Wide Pervious Concrete Gutter over 6" CAB over Filter Fabric	30	LF	\$124.-	\$3720.-
7		1.5" Cold Mill	2,658	SY	\$3.-	\$7974.-
8		Type III C3-PG64-10 AC Pavement	13	TON	\$230.-	\$2990.-
9		Asphalt Rubber Hot Mix (1.5" Thick)	238	TON	\$87.-	\$20706.-
10		Tensor GLASPAVE25	2,658	SY	\$3. ⁵⁰	\$9303.-
11		Unclassified Excavation (3" thick)	13	CY	\$200.-	\$2600.-
12	S	Double Adjust Sewer Manhole To Grade	2	EA	\$800.-	\$1600.-
13	F	Scan Street to Locate any Buried Water	%	LS	\$1000.-	\$1000.-

ITEM NO.	CODE	DESCRIPTION	ESTIMATED QUANTITY	UNIT	UNIT PRICES	AMOUNT
		Valve and/or Manhole Covers				
14	F	Field Walk with City, Clean-up Debris in Water Valves and Manhole Covers	%	LS	\$400.-	\$400.-
14	F, S	Profilograph	%	LS	\$3000.-	\$3000.-
15	S	Signing and Striping	%	LS	\$5000.-	\$5000.-
TOTAL ALTERNATE BID SCHEDULE C ITEMS AMOUNT						\$75993.-

NOTE: Items may be adjusted or deleted. Any changes to the quantities for these items shall not constitute a substantial change as referenced in Section 3-2.2.1 of the Standard Specifications. Therefore, regardless of total actual volume (percentage) compared to estimated quantities, the unit prices provided above by the Bidder shall be applied to the final quantity when payment is calculated for these items. No adjustment in the unit prices will be allowed. The City reserves the right to not use any of the estimated quantities; and if this right is exercised, the Contractor will not be entitled to any additional compensation. Cost of all export of material shall be included in the above unit costs; no additional compensation will be granted for such expenses.

Total Bid Price = Base Bid Items Amount Plus (+) All Additive Alternate Bid (Schedule A+B+C) Items Amounts

TOTAL BID PRICE IN DIGITS: \$ 1,468,881.⁵⁰

TOTAL BID PRICE IN WORDS: one million four hundred sixty eight thousand eight hundred eighty one dollars fifty cents
50/100

The undersigned certifies to have a minimum of three consecutive years of current experience in the type of Work related to the Project and that this experience is in actual operation of the firm with permanent employees performing a part of the Work as distinct from a firm operating entirely by subcontracting all phases of the Work. The undersigned also certifies to be properly licensed by the State as a contractor to perform this type of Work. The undersigned possesses California Contractor's License

Number STATE LIC. 693659 *A*, Class A, U2 (31), which expires on 5/31/2020.

Signature: 

Title: Curtis P. Brown III
President Date: OCT 22 2019

Signature: 

Title: _____ Date: OCT 22 2019

MARCIA S. MILLER, CORP. SECRETARY

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Los Angeles }

On 01/18/2019 before me, R. Covington, Notary Public,
(Here insert name and title of the officer)

personally appeared Curtis P. Brown III and Marcia S. Miller,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(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.

R. Covington
Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

Individual (s)
 Corporate Officer

(Title)

Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /ere) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

BIDDER'S PROPOSAL – CONTRACTOR'S STATEMENT
STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

Fill out all of the following information. Attach additional sheets if necessary.

(1) Bidder's Name: PALP, INC DBA
EXCEL PAVING COMPANY

(2) If the Bidder's name is a fictitious name, who or what is the full name of the registered owner? If the Bidder's name is not a fictitious name, write "N/A" in the response to this question. If you are doing business under a fictitious name, provide a copy of the filed valid Fictitious Business Name Statement.
N/A

(3) Business Address: 2230 LEMON AVENUE
LONG BEACH, CA 90806

(4) Telephone: (562) 599-5841 Email: estimating@excelpaving.net

(5) Type of Firm – Individual, Partnership, LLC or Corporation: CORPORATION

(6) Corporation organized under the laws of the State of: CALIFORNIA

(7) California State Contractor's License Number and Class: STATE LIC. 688659 "A"

Original Date Issued: 5/31/2014 Expiration Date: 5/31/2020

(8) DIR Contractor Registration Number: 1000003331

(9) List the name and title of the person(s) who inspected the Project site for your firm:
Dallas Daniels

(10) Number of years experience the company has as a contractor in construction work: 40

(11) List the names, titles, addresses and telephone numbers of all individuals, firm members, partners, joint venturers, and company or corporate officers having a principal interest in this Bid:

Curtis P. Brown III	President and Chief Executive Officer	2230 LEMON AVENUE
David A. Drukker	Vice President and Chief Financial Officer	LONG BEACH, CA 90806 (562) 599-5841
Marcia S. Miller	Secretary	

(12) List all current and prior D.B.A.'s, aliases, and fictitious business names for any principal having interest in this Bid:

PALP, INC DBA
EXCEL PAVING COMPANY

(13) List the dates of any voluntary or involuntary bankruptcy judgments against any principal having an interest in this Bid:

N/A

(14) For all arbitrations, lawsuits, settlements and the like (in or out of court) that the company or any principal having an interest in this Bid has been involved with in the past five years:

a. List the names, addresses and telephone numbers of contact persons for the parties:

N/A

b. Briefly summarize the parties' claims and defenses:

N/A

c. State the tribunal (e.g., Superior Court, American Arbitration Association, etc.), the matter number, and the outcome:

N/A

(15) Has the company or any principal having an interest in this Bid ever had a contract terminated by the owner or agency? If yes, explain.

NO

N/A

(16) Has the company or any principal having an interest in this Bid ever failed to complete a project? If yes, explain.

NO N/A

(17) Has the company or any principal having an interest in this Bid ever been terminated for cause, even if it was converted to a "termination of convenience"? If yes, explain.

NO N/A

(18) For projects that the company or any principal having an interest in this Bid has been involved with in the last five years, did you have any claims or actions:

- a. By you against the owner? Circle one: Yes No
- b. By the owner against you? Circle one: Yes No
- c. By any outside agency or individual for labor compliance? Circle one: Yes No
- d. By Subcontractors? Circle one: Yes No
- e. Are any of these claims or actions unresolved or outstanding? Circle one: Yes No

If your answer is "yes" to any part or parts of this question, explain.

N/A

(19) Has the company or any of its principals ever been debarred by any agencies? Is yes, please explain.

NO N/A

SEE ATTACHED

(20) For all public agency projects in excess of \$15,000.00 that you are currently working on or have worked on in the past two years, provide the following information:

Project 1 Name/Number _____

Project Description _____

Approximate Construction Dates From: _____ To: _____

Agency Name: _____

Contact Person: _____ Telephone: _____

Address: _____

Original Contract Amount: \$ _____ Final Contract Amount: \$ _____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

Project 2 Name/Number _____

Project Description _____

Approximate Construction Date From: _____ To: _____

Agency Name: _____

Contact Person: _____ Telephone: _____

Address: _____

Original Contract Amount: \$ _____ Final Contract Amount: \$ _____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

Project 3 Name/Number _____

Project Description _____

Approximate Construction Dates From: _____ To: _____

Agency Name: _____

Contact Person: _____ Telephone: _____

Address: _____

Original Contract Amount: \$ _____ Final Contract Amount: \$ _____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

Project 4 Name/Number _____

Project Description _____

Approximate Construction Dates From: _____ To: _____

Agency Name: _____

Contact Person: _____ Telephone: _____

Address: _____

Original Contract Amount: \$_____ Final Contract Amount: \$_____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

Project 5 Name/Number _____

Project Description _____

Approximate Construction Dates From: _____ To: _____

Agency Name: _____

Contact Person: _____ Telephone: _____

Address: _____

Original Contract Amount: \$_____ Final Contract Amount: \$_____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

Project 6 Name/Number _____

Project Description _____

Approximate Construction Dates From: _____ To: _____

Agency Name: _____

Contact Person: _____ **Telephone:** _____

Address: _____

Original Contract Amount: \$ _____ **Final Contract Amount:** \$ _____

If final amount is different from original amount, please explain (change orders, extra work, etc.).

Did you or any Subcontractor, file any claims against the Agency?

Circle one: Yes No

Did the Agency file any claims against you? Circle one: Yes No

If you answered yes to either of the above two questions, please explain and indicate outcome of claims.

[Continue to Next Page]


Upon request of the City, the Bidder shall furnish evidence showing a notarized financial statement, financial data, construction experience, or other additional information.


Failure to provide truthful answers to the questions above or in the following References Form may result in the Bid being deemed non-responsive.

Urban Runoff Certification. The Bidder certifies to the City that he/she has trained his/her employees and Subcontractors, if any, for Urban Runoff management and has included sufficient sums in the Bid Price to cover such costs of training as stipulated in the most current Regional Water Quality Control Board requirements, including the Municipal Separate Storm Sewer System NPDES Permit. The Contractor is responsible for all clean up and payment of all fines levied as a result of any illegal discharge (as defined in NPDES permit) occurring as a result of the Contractor's Work and/or operations.

I, the undersigned, certify and declare that I have read all the foregoing answers to the Bidder's Proposal – Contractor's Statement and know their contents. The matters stated in the Bidder's Proposal – Contractor's Statement answers are true of my own knowledge and belief, except as to those matters stated on information and belief, and as to those matters I believe them to be true. I declare under penalty of perjury under the laws of the State of California that the foregoing is correct.

Company

Signature: 
Name: Curtis P. Brown III
Title: President
Date: OCT 22 2019

Signature: 
Name: MARCIA S. MILLER, CORP. SECRETARY
Title: _____
Date: OCT 22 2019

DESIGNATION OF SUBCONTRACTORS
[Public Contract Code Section 4104]

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

List all Subcontractors who will perform Work or labor or render service to the Contractor in or about the construction of the Work or improvement, or a Subcontractor licensed by the State of California who, under subcontract to the Contractor, specially fabricates and installs a portion of the Work or improvement according to detailed drawings contained in the Plans and Specifications, in an amount in excess of one-half percent of the Contractor's total Bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half percent of the Contractor's total Bid or \$10,000.00, whichever is greater. If all Subcontractors do not fit on this page, attach another page listing all information for all other Subcontractors.

Name under which Subcontractor is Licensed and Registered	CSLB License Number(s) and Class(es)	DIR Contractor Registration Number	Address and Phone Number	Type of Work (e.g., Electrical)	Percentage of Total Bid (e.g., 10%)*
All American Asphalt	267073 A, C12	100001051	400 E. 6th St., Corona, CA 92878 951-726-7600	weld plane	9.2%
All American Asphalt	267073 A, C12	100001051	400 E. 6th St. Corona, CA 92878 951-736-7600	fabric	8.2%
Cap Tracking Inc.	991122 A, B, C8, C12, C32	1000011750	17 Commercial Ave. Riverside, CA 92507 951-682-1494	striping striping CPBIII	1.8%
Pavement Rehab. Co.	1051374 C12	1000064823	1181 Princeton Ct. Costa Mesa, CA 92626 714-238-1444	crackfill	1.4%
AM Concrete, Inc.	446850 A, C8	1000006525	3075 Tomregate Rd. Ste. 200 Westlake Village, CA 91361 818-362-8300	concrete concrete CPBIII	2.1%

*The percentage of the total Bid shall represent the "portion of the work" for the purposes of Public Contract Code Section 4104(b).

DESIGNATION OF SUBCONTRACTORS
[Public Contract Code Section 4104]

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

List all Subcontractors who will perform Work or labor or render service to the Contractor in or about the construction of the Work or improvement, or a Subcontractor licensed by the State of California who, under subcontract to the Contractor, specially fabricates and installs a portion of the Work or improvement according to detailed drawings contained in the Plans and Specifications, in an amount in excess of one-half percent of the Contractor's total Bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half percent of the Contractor's total Bid or \$10,000.00, whichever is greater. If all Subcontractors do not fit on this page, attach another page listing all information for all other Subcontractors.

Name under which Subcontractor is Licensed and Registered	CSLB License Number(s) and Class(es)	DIR Contractor Registration Number	Address and Phone Number	Type of Work (e.g., Electrical)	Percentage of Total Bid (e.g., 10%)

_____ "The percentage of the total Bid shall represent the "portion of the work" for the purposes of Public Contract Code Section 4104(b).

DESIGNATION OF SUBCONTRACTORS
 [Public Contract Code Section 4104]

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

List all Subcontractors who will perform Work or labor or render service to the Contractor in or about the construction of the Work or improvement, or a Subcontractor licensed by the State of California who, under subcontract to the Contractor, specially fabricates and installs a portion of the Work or improvement according to detailed drawings contained in the Plans and Specifications, in an amount in excess of one-half percent of the Contractor's total Bid or, in the case of bids or offers for the construction of streets or highways, including bridges, in excess of one-half percent of the Contractor's total Bid or \$10,000.00, whichever is greater. If all Subcontractors do not fit on this page, attach another page listing all information for all other Subcontractors.

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*The percentage of the total Bid shall represent the "portion of the work" for the purposes of Public Contract Code Section 4104(b).

Bond No. N/A

BID BOND

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

KNOW ALL PERSONS BY THESE PRESENTS that:

WHEREAS the City of Manhattan Beach ("Public Agency"), has issued an invitation for Bids for the Work described as follows: Street Resurfacing Improvement Project - Cycle 1

WHEREAS PALP Inc. dba Excel Paving Company 2230 Lemon Avenue, Long Beach, CA 90806
(Name and address of Bidder)

("Principal"), desires to submit a Bid to Public Agency for the Work.

WHEREAS, Bidders are required to furnish a form of Bidder's security with their Bids.

NOW, THEREFORE, we, the undersigned Principal, and _____

Federal Insurance Company 15 Mountain View Road, Warren, NJ 07059
(Name and address of Surety)

("Surety"), a duly admitted surety insurer under the laws of the State of California, as Surety, are held and firmly bound unto the Public Agency in the penal sum of Ten percent of the total amount of the bid Dollars (\$ 10%), being not less than ten percent of the total Bid price, in lawful money of the United States of America, for the payment of which sum well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT, if the hereby bounded Principal is awarded the Contract for the Work by the Public Agency and, within the time and in the manner required by the bidding specifications, enters into the written form of Contract included with the bidding specifications, furnishes the required Bonds (one to guarantee faithful performance and the other to guarantee payment for labor and materials), and furnishes the required insurance coverage, then this obligation shall become null and void; otherwise, it shall be and remain in full force and effect.

In case suit is brought upon this instrument, Surety further agrees to pay all court costs incurred by the Public Agency in the suit and reasonable attorneys' fees in an amount fixed by the court. Surety hereby waives the provisions of Civil Code Section 2845.

IN WITNESS WHEREOF, this instrument has been duly executed by Principal and Surety, on the date set forth below, the name of each corporate party being hereto affixed and these presents duly signed by its undersigned representative(s) pursuant to authority of its governing body.

Dated: September 20, 2019

"Principal"

Name: PALP Inc. dba Excel Paving Company

Address: 2230 Lemon Avenue
Long Beach, CA 90806

Telephone No.: 562-599-5841

Signature: 

Print Name: Curtis P. Brown III

Title: President

Date: OCT 22 2019

Signature: 

Print Name: MARCIA S. MILLER, CORP. SECRETARY

Title: _____

Date: OCT 22 2019

"Surety"

Company Name: Federal Insurance Company

Address: 15 Mountain View Road
Warren, NJ 07059

Telephone No.: 908-903-2000

Signature: 

Print Name: Douglas A. Rapp

Title: Attorney in Fact

Date: September 20, 2019

NOTE: *This Bond must be dated, all signatures must be notarized, and evidence of the authority of any person signing as attorney-in-fact must be attached.*

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange)

On September 20, 2019 before me, Debra Swanson, Notary Public
(insert name and title of the officer)

personally appeared Douglas A. Rapp,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(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 Debra Swanson (Seal)





**Chubb
Surety**

**POWER
OF
ATTORNEY**


**Federal Insurance Company
Vigilant Insurance Company
Pacific Indemnity Company**

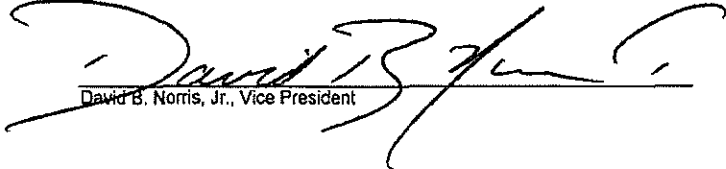
**Attn: Surety Department
15 Mountain View Road
Warren, NJ 07059**

Know All by These Presents, That **FEDERAL INSURANCE COMPANY**, an Indiana corporation, **VIGILANT INSURANCE COMPANY**, a New York corporation, and **PACIFIC INDEMNITY COMPANY**, a Wisconsin corporation, do each hereby constitute and appoint **Douglas A. Rapp and Timothy D. Rapp of Aliso Viejo, California**-----

each as their true and lawful Attorney-in-Fact to execute under such designation in their names and to affix their corporate seals to and deliver for and on their behalf as surety thereon or otherwise, bonds and undertakings and other writings obligatory in the nature thereof (other than bail bonds) given or executed in the course of business, and any instruments amending or altering the same, and consents to the modification or alteration of any instrument referred to in said bonds or obligations.

In Witness Whereof, said **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** have each executed and attested these presents and affixed their corporate seals on this **16th** day of **December, 2011**.


Kenneth C. Wendel, Assistant Secretary


David B. Norris, Jr., Vice President

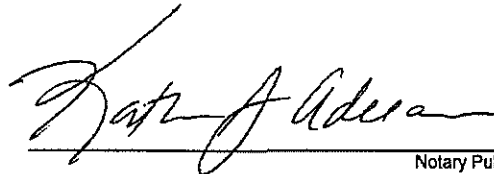
STATE OF NEW JERSEY
County of Somerset ss.

On this **16th** day of **December, 2011** before me, a Notary Public of New Jersey, personally came Kenneth C. Wendel, to me known to be Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY**, the companies which executed the foregoing Power of Attorney, and the said Kenneth C. Wendel, being by me duly sworn, did depose and say that he is Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** and knows the corporate seals thereof, that the seals affixed to the foregoing Power of Attorney are such corporate seals and were thereto affixed by authority of the By-Laws of said Companies; and that he signed said Power of Attorney as Assistant Secretary of said Companies by like authority, and that he is acquainted with David B. Norris, Jr., and knows him to be Vice President of said Companies; and that the signature of David B. Norris, Jr., subscribed to said Power of Attorney is in the genuine handwriting of David B. Norris, Jr., and was thereto subscribed by authority of said By-Laws and in dependent's presence.

Notarial Seal



**KATHERINE J. ADELAAR
NOTARY PUBLIC OF NEW JERSEY
No. 2316685
Commission Expires July 16, 2014**


Notary Public

CERTIFICATION

Extract from the By-Laws of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY**:

"All powers of attorney for and on behalf of the Company may and shall be executed in the name and on behalf of the Company, either by the Chairman or the President or a Vice President or an Assistant Vice President, jointly with the Secretary or an Assistant Secretary, under their respective designations. The signature of such officers may be engraved, printed or lithographed. The signature of each of the following officers: Chairman, President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary and the seal of the Company may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such power of attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached."

I, Kenneth C. Wendel, Assistant Secretary of **FEDERAL INSURANCE COMPANY**, **VIGILANT INSURANCE COMPANY**, and **PACIFIC INDEMNITY COMPANY** (the "Companies") do hereby certify that

- (i) the foregoing extract of the By-Laws of the Companies is true and correct,
- (ii) the Companies are duly licensed and authorized to transact surety business in all 50 of the United States of America and the District of Columbia and are authorized by the U.S. Treasury Department; further, Federal and Vigilant are licensed in Puerto Rico and the U.S. Virgin Islands, and Federal is licensed in American Samoa, Guam, and each of the Provinces of Canada except Prince Edward Island; and
- (iii) the foregoing Power of Attorney is true, correct and in full force and effect.

Given under my hand and seals of said Companies at Warren, NJ this 20th day of September, 2019




Kenneth C. Wendel, Assistant Secretary

IN THE EVENT YOU WISH TO NOTIFY US OF A CLAIM, VERIFY THE AUTHENTICITY OF THIS BOND OR NOTIFY US OF ANY OTHER MATTER, PLEASE CONTACT US AT ADDRESS LISTED ABOVE, OR BY Telephone (908) 903- 3493 Fax (908) 903- 3656
e-mail: surety@chubb.com

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Los Angeles }

On OCT 22 2019 before me, R. Covington, Notary Public,
(Here insert name and title of the officer)

personally appeared Curtis P. Brown III and Marcia S. Miller,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(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.

R. Covington
Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
- _____ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/she/~~they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
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- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

**NONCOLLUSION DECLARATION FORM
TO BE EXECUTED BY BIDDER AND SUBMITTED WITH BID
[Public Contract Code Section 7106]**

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1


The undersigned declares:


I am the PRESIDENT of PALP, INC DBA EXCEL PAVING COMPANY, the party making the foregoing Bid.

The Bid is not made in the interest of, or on behalf of, any undisclosed person, partnership, company, association, organization, or corporation. The Bid is genuine and not collusive or sham. The Bidder has not directly or indirectly induced or solicited any other Bidder to put in a false or sham Bid. The Bidder has not directly or indirectly colluded, conspired, connived, or agreed with any Bidder or anyone else to put in a sham Bid, or to refrain from bidding. The Bidder has not in any manner, directly or indirectly, sought by agreement, communication, or conference with anyone to fix the Bid price of the Bidder or any other Bidder, or to fix any overhead, profit, or cost element of the Bid price, or of that of any other Bidder. All statements contained in the Bid are true. The Bidder has not, directly or indirectly, submitted his or her Bid price or any breakdown thereof, or the contents thereof, or divulged information or data relative thereto, to any corporation, partnership, company, association, organization, Bid depository, or to any member or agent thereof, to effectuate a collusive or sham Bid, and has not paid, and will not pay, any Person or entity for such purpose.

Any person executing this declaration on behalf of a Bidder that is a corporation, partnership, joint venture, limited liability company, limited liability partnership, or any other entity, hereby represents that he or she has full power to execute, and does execute, this declaration on behalf of the Bidder.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration is executed on OCT 22 2019 [date], at LONG BEACH [city], CALIFORNIA [state].

Signature: 
Printed Name: Curtis P. Brown III President
Date: OCT 22 2019

Signature: 
Printed Name: MARCIA S. MILLER, CORP. SECRETARY
Date: OCT 22 2019

This form must be notarized.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of Los Angeles }

On OCT 22 2019 before me, R. Covington, Notary Public,
(Here insert name and title of the officer)

personally appeared Curtis P. Brown III and Marcia S. Miller,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(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.

R. Covington
Notary Public Signature (Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- Individual (s)
- Corporate Officer
- _____ (Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

ADDENDA ACKNOWLEDGMENT FORM

STREET RESURFACING IMPROVEMENT PROJECT - CYCLE 1

Bidder's Name: PALP, INC DBA
EXCEL PAVING COMPANY

The Bidder shall signify receipt of all Addenda here, if any: NONE

Addendum Number	Date Received	Signature

If there are more Addenda than there is room in the chart above, attach another page acknowledging receipt of the Addenda.

Current Jobs-References (Sept. 2019)

Cont #	Agency/Location	Job Name/Location:	Dates/Amount of Project
5686	City of San Fernando	Annual Street Resurf.	07/2019- Current (2/2020)
LF	117 Macneil St, San Fernando Ca		\$ 2,094,776.- Current
	Manuel Fabian	818) 898-1243	mfabian@sfcity.org
5675	City of La Habra	Whittier Blvd	06/2019- Current (7/2020)
WP	201 E. La Habra Blvd. La Habra, Ca		\$ 1,693,265.- Current
	Cesar Rangel	562-383-4158	crangel@lahabraca.gov
5679	City of Calabasas	Street Resurfacing	06/2019- Current (9/2019)
DR	100 Civic Center Way, Calabasas, Ca.		\$ 868,932.- Current
	Benjamin Chan	818-224-1677	bchan@cityofcalabasas.com
5680	City of Laguna Beach	Zone 1 Slurry	06/2019- Current (10/2019)
WP	505 Forest Ave, Laguna Beach, Ca		\$ 1,216,729.- Current
	Alpha Santos	949-497-0729	asantos@lagunabeachcity.net
5638	City of Lawndale	Inglewood Ave St Impvts	02/2019- Current (10/2019)
DL	14717 Burin Ave Lawndale, Ca		\$ 1,216,729.- Current
	Kahono Oei	310-973-3266	koei@lawndalecity.org
5664	City of Paramount	Arterial Street Resurf.	05/2019- Current (9/2019)
MP	16400 Colorado Ave, Paramount, Ca.		\$ 714,417 .- Current
	Rick Patynik	562-908-6200	patynikrus@icloud.com
5674	City of Huntington Beach	Arterial Street Rehab.	06/2019- Current (12/2019)
MP	2000 Main St, Huntington Beach, Ca		\$ 2,916,192.- Current
	Joe Fuentes	714-536-5431	jfuentes@surfcity-hb.org

5556	City of San Clemente	Calle Miguel St rehab	02/2018- 7/2018
TC	910 Calle Negocio #100, San Clemente, Ca		\$ 736,431.-\$728,756.
	Gary Vaborsky	949-361-8200	vaborsky@san-clemente.org
5453	City of Rancho Santa Margarita	Annual Res. Overaly	04/2017-05/2017
DD	22112 El Paseo, Rancho Santa Margarita, Ca		\$ 429,872.-\$422,155.
	Wilson Levng	949-635-1800	Wlevng@cityofrsm.org
5456	Burbank-Pasadena Airport	Runway 15-33	04/2017-1/2018
DD	2627 Hollywood Wy Bldg 9, Burbank Ca		\$9,334,568-\$9,242,840.
	Karen Sepulveda	818-565-1305	ksepulveda@bur.org
5443	City of Lynwood	Long Beach Blvd	02/2017- 10/2017
BJ	1130 Bullis Rd. Lynwood Ca		\$2,283,063-1,739,861
	Nick Sevine	310-318-0661	nsevin@lynwood.ca.us
5469	Rancho Palos Verdes	Miraleste Dr	05/2017- 12/2017
BJ	30940 Hawthorne Blvd, Rancho Palos Verdes,Ca		\$ 1,624,411-1,725,586.
	Charles Eden	310-544-5282	Charlese@rpvca/gov
5463	City of Lomita	Narbonne Ave	05/2017- 11/2017
BJ	24300 Narbonne Ave, Lomita Ca 90717		\$1,019,007-\$1,056,728.
	Monduer Saied	310-325-7110	m.saied@lomitacity.org
5468	City of Walnut	Amar Rd Rehab	05/2017- 10/2017
BJ	21201 La Puente Rd, Walnut Ca		\$3,120,020.-\$3,105,532.
	Branden Chen	909-594-9702	bchenrkagroup.com
5387	City of Glendale	Prop 84 Green Streets	05/2017- 10/2017
TC	613 E. Broadway, Glendale, CA 91206		\$2,223,985-2,419,868

5641	City of Santa Monica	Annual Paving	03/2019- Current (4/2020)
DL	1645 Main St, Santa Monica, Ca.		\$ 3,987,565.- Current
	Jason Hoang	310-548-8411	jason.hoang@smgov.net
5614	City of Baldwin Park	Frazier St Impvts	01/2018- 06/2019
WP	14403 E. Pacific Ave, Baldwin Park, Ca.		\$ 1,027,054-1,213,157
	Chase Fidler	626-960-4011 ext 473	Cfidler@baldwinpark.com
5553	City of Compton	Street Pvmnt Rehab	02/2019- Current (9/2019)
DL	205 S. Willowbrook Ave, Compton, Ca.		\$ 1,610,000-
	John Strickland	310-605-5500	jstickland@coptoncity.org
5432	City of Inglewood	Century Blvd Mobility	07/2018- Current (2/2020)
DR	One Manchester Blvd, Inglewood Ca		\$ 18,422,376.- \$ Current
	Albert Mendoza	213-847-4776	amendoza@cityofinglewood.org
5565	Burbank-Pasadena Airport	Airport Parking Gates	04/2018- 5/2019
DD	2627 Hollywood Wy Bldg 9 Burbank Ca		\$ 3,147,872.- \$ 3,196,038.
	Karen Sepulveda	818-565-1305	Ksepulveda@bur.org
5545	City of Commerce	Pavement Rehab	0/2018- 4/2019
BJ	2535 Commerce Wy, Commerce, Ca		\$ 3,736,161.- \$4,076,141
	Ali Cayir	323-722-4805	ali.cayir@transtech.org
5432	City of Los Angeles	Century Blvd Extension	06/2017- 11/2018
DR	1149 S. Braodway, Los Angeles, Ca		\$12,866.081-13,351,236
	Alvaro Prada	213-847-4776	alvaro.prada@lacity.org
5566	City of Glendale	Kenneth Rd Rehab	04/2018- 11/2018
LF	613 E. Broadway, Glendale, CA 91206		\$1,228,619-\$1,302,975
	Arthur Asaturyan	818-548-3945	aasaturyan@glendaleca.gov

	Saarkis Oganesyanyan	818-548-3945	soganesyan@glendaleca.gov
5343	C/O Torrance	N. Wells Field Imprv (Recycled Water & Domestic Water Imprv)	04/12/2016-10/2017
KC	3031 Torrance Blvd, Torrance, CA 90503		\$2,164,034.-\$2,205,998
	John Dettle	310-618-5990	jdettle@torranceCA.GOV

**WRITTEN CONSENT
OF THE SOLE DIRECTOR OF PALP, INC. DBA EXCEL PAVING COMPANY,
a California corporation
October 7, 2019**

The undersigned sole director of PALP, Inc. DBA Excel Paving Company, a California corporation (the "Corporation"), does hereby consent by this writing to take the following actions, adopt the following resolutions, and transact the following business of the Corporation pursuant to Section 307(b) of the California General Corporation Law.

Election of Officers

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to the offices set forth opposite each of their names and shall hold such offices until their successors are duly elected and qualified or until their earlier resignation, removal, or death:

Name	Office
Curtis P. Brown III	President
David Drukker	Vice President & Chief Financial Officer
Marcia S. Miller	Secretary
Crissa A. Phillips	Assistant Secretary

Disassociation of Officer


NOW, THEREFORE, BE IT RESOLVED, that the following individual has been disassociated from PALP due to retirement, and the individual will no longer provide on-call support.

Name	Previous Office
Michele E. Drakulich	Assistant Secretary

General Resolutions

RESOLVED, that any and all actions taken by the persons who are or have been officers and directors of the Corporation which would have been in conformity with the above resolutions if such resolutions had been in effect at the time of such actions are hereby approved, ratified, and confirmed in all respects; and

RESOLVED FURTHER, that the officers of the Corporation, or any of them, be, and they hereby are, authorized and directed on behalf of the Corporation to execute and deliver all documents and to perform any and all acts reasonably necessary and proper to carry out and to perform the Purposes of the above discussions and resolutions. This Written Consent of the Sole Director of the Corporation (this "Written Consent") shall be placed in the Minute Book of the Corporation and shall be effective as of the date first set forth above.


Curtis P. Brown, III

RESOLUTION NO. 19-0118

A RESOLUTION OF THE MANHATTAN BEACH CITY COUNCIL APPROVING AN AGREEMENT WITH QUANTUM QUALITY CONSULTING, INC. FOR AN AMOUNT NOT-TO-EXCEED \$75,250 FOR INSPECTION SERVICES FOR THE STREET RESURFACING PROJECT – CYCLE 1.

THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council hereby approves an agreement with Quantum Quality Consulting, Inc. for inspection services for Street Resurfacing Project – Cycle 1 (“Project”), and authorizes the City Manager to execute the agreement dated December 17, 2019, for an amount not-to-exceed \$75,250.

SECTION 2. The City Clerk shall certify to the passage and adoption of this Resolution.

ADOPTED on December 17, 2019.

AYES:
NOES:
ABSENT:
ABSTAIN:

NANCY HERSMAN
Mayor

ATTEST:

LIZA TAMURA
City Clerk

INSPECTION SERVICES AGREEMENT

This Inspection Services Agreement (“Agreement”) is dated December 17, 2019 (“Effective Date”) and is between the City of Manhattan Beach, a California municipal corporation (“City”) and Quantum Quality Consulting Inc., a California corporation (“Consultant”). City and Consultant are sometimes referred to herein as the “Parties”, and individually as a “Party”.

RECITALS

A. City issued Request for Proposals No. 1223-20 on October 16, 2019, titled “Inspection Services for Street Resurfacing - Cycle 1”. Consultant submitted a proposal dated November 5, 2019 in response to the RFP.

B. Consultant represents that it is fully qualified to perform such services by virtue of its experience and the training, education and expertise of its principals and employees.

C. City desires to retain Consultant as an independent contractor and Consultant desires to serve City to perform these services in accordance with the terms and conditions of this Agreement.

1. Consultant’s Services.

A. Scope of Services. Consultant shall perform the services described in the Scope of Services (the “Services”) for Professional Construction Inspection Services for Street Resurfacing Project, attached as **Exhibit A**. City may request, in writing, changes in the Scope of Services to be performed. Any changes mutually agreed upon by the Parties, and any increase or decrease in compensation, shall be incorporated by written amendments to this Agreement.

B. Party Representatives. For the purposes of this Agreement, the City Representative shall be the City Manager, or such other person designated in writing by the City Manager (the “City Representative”). For the purposes of this Agreement, the Consultant Representative shall be Frank Bigdeli, P.E., President (the “Consultant Representative”). The Consultant Representative shall directly manage Consultant’s Services under this Agreement. Consultant shall not change the Consultant Representative without City’s prior written consent.

C. Time for Performance. Consultant shall commence the Services on the Effective Date and shall perform all Services by the deadline established by the City Representative or, if no deadline is established, with reasonable diligence.

D. Standard of Performance. Consultant shall perform all Services under this Agreement in accordance with the standard of care generally exercised by like

professionals under similar circumstances and in a manner reasonably satisfactory to City.

E. Personnel. Consultant has, or will secure at its own expense, all personnel required to perform the Services required under this Agreement. All of the Services required under this Agreement shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such Services.

F. Compliance with Laws. Consultant shall comply with all applicable federal, state and local laws, ordinances, codes, regulations and requirements.

G. Permits and Licenses. Consultant shall obtain and maintain during the Agreement term all necessary licenses, permits and certificates required by law for the provision of Services under this Agreement, including a business license.

H. Prevailing Wages. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in the California Labor Code. Therefore, as to those services that are “public works”, Consultant shall comply in all respects with all applicable provisions of the California Labor Code, including those set forth in **Exhibit C** hereto.

2. Term of Agreement. The term of this Agreement shall be from the Effective Date through June 30, 2021, unless sooner terminated as provided in Section 12 of this Agreement or extended.

3. Compensation.

A. Compensation. As full compensation for Services satisfactorily rendered, City shall pay Consultant at the hourly rates set forth in the Approved Fee Schedule attached hereto as **Exhibit B**. In no event shall Consultant be paid more than \$75,250 (the “Maximum Compensation”) for such Services.

B. Expenses. The amount set forth in paragraph 3.A. above includes reimbursement for all expenditures incurred in the performance of this Agreement.

C. Unauthorized Services and Expenses. City will not pay for any services not specified in the Scope of Services, unless the City Council or the City Representative, if applicable, and the Consultant Representative authorize such services in writing prior to Consultant’s performance of those services or incurrence of additional expenses. Any additional services or expenses authorized by the City Council, or (where authorized) the City Manager shall be compensated at the rates set forth in **Exhibit B**, or, if not specified, at a rate mutually agreed to by the Parties. City shall make payment for additional services and expenses in accordance with Section 4 of this Agreement.

4. Method of Payment.

A. Invoices. Consultant shall submit to City an invoice, on a monthly basis, for the Services performed pursuant to this Agreement. Each invoice shall itemize the Services rendered during the billing period, hourly rates charged, if applicable, and the amount due. City shall review each invoice and notify Consultant in writing within ten Business days of receipt of any disputed invoice amounts.

B. Payment. City shall pay all undisputed invoice amounts within 30 calendar days after receipt up to the Maximum Compensation set forth in Section 3 of this Agreement. City does not pay interest on past due amounts. City shall not withhold federal payroll, state payroll or other taxes, or other similar deductions, from payments made to Consultant. Notwithstanding the preceding sentence, if Consultant is a nonresident of California, City will withhold the amount required by the Franchise Tax Board pursuant to Revenue and Taxation Code Section 18662 and applicable regulations.

C. Audit of Records. Consultant shall make all records, invoices, time cards, cost control sheets and other records maintained by Consultant in connection with this Agreement available during Consultant's regular working hours to City for review and audit by City.

5. Independent contractor. Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not, at any time, or in any manner, represent that it or any of its officers, agents or employees are in any manner employees of City.

6. Information and Documents.

A. Consultant covenants that all data, reports, documents, discussion, or other information (collectively "Data") developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed or released by Consultant without prior written authorization by City. City shall grant such authorization if applicable law requires disclosure. Consultant, its officers, employees, agents, or subcontractors shall not without written authorization from the City Manager or unless requested in writing by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary," provided Consultant gives City notice of such court order or subpoena.

B. Consultant shall promptly notify City should Consultant, 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 thereunder or with respect to any project or property located within the City. City may, but has no obligation to, represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, City's right to review any such response does not imply or mean the right by City to control, direct or rewrite the response.

C. All Data required to be furnished to City in connection with this Agreement shall become City's property, and City may use all or any portion of the Data submitted by Consultant as City deems appropriate. Upon completion of, or in the event of termination or suspension of this Agreement, all original documents, designs, drawings, maps, models, computer files containing data generated for the Services, surveys, notes, and other documents prepared in the course of providing the Services shall become City's sole property and may be used, reused or otherwise disposed of by City without Consultant's permission. Consultant may take and retain copies of the written products as desired, but the written products shall not be the subject of a copyright application by Consultant.

D. Consultant's covenants under this Section shall survive the expiration or termination of this Agreement.

7. Conflicts of Interest. Consultant and its officers, employees, associates and subcontractors, if any, shall comply with all conflict of interest statutes of the State of California applicable to Consultant's Services under this Agreement, including the Political Reform Act (Gov. Code § 81000, *et seq.*) and Government Code Section 1090. During the term of this Agreement, Consultant may perform similar Services for other clients, but Consultant and its officers, employees, associates and subcontractors shall not, without the City Representative's prior written approval, perform work for another person or entity for whom Consultant is not currently performing work that would require Consultant or one of its officers, employees, associates or subcontractors to abstain from a decision under this Agreement pursuant to a conflict of interest statute. Consultant shall incorporate a clause substantially similar to this Section into any subcontract that Consultant executes in connection with the performance of this Agreement.

8. Indemnification, Hold Harmless, and Duty to Defend.

A. Indemnities.

1) To the fullest extent permitted by law, Consultant shall, at its sole cost and expense, defend, hold harmless and indemnify City and its elected officials, officers, attorneys, agents, employees, designated volunteers, successors, assigns and those City agents serving as independent contractors in the role of City officials (collectively "Indemnitees"), from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever, including fees of accountants,

attorneys, or other professionals and all costs associated therewith and the payment of all consequential damages (collectively "Liabilities"), in law or equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties. Consultant shall defend the Indemnitees in any action or actions filed in connection with any Liabilities with counsel of the Indemnitees' choice, and shall pay all costs and expenses, including all attorneys' fees and experts' costs actually incurred in connection with such defense. Consultant shall reimburse the Indemnitees for any and all legal expenses and costs incurred by Indemnitees in connection therewith.

2) Consultant shall pay all required taxes on amounts paid to Consultant under this Agreement, and indemnify and hold City harmless from any and all taxes, assessments, penalties, and interest asserted against City by reason of the independent contractor relationship created by this Agreement. Consultant shall fully comply with the workers' compensation law regarding Consultant and Consultant's employees. Consultant shall indemnify and hold City harmless from any failure of Consultant to comply with applicable workers' compensation laws. City may offset against the amount of any fees due to Consultant under this Agreement any amount due to City from Consultant as a result of Consultant's failure to promptly pay to City any reimbursement or indemnification arising under this subparagraph A.2).

3) Consultant shall obtain executed indemnity agreements with provisions identical to those in this Section from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations, Consultant shall be fully responsible and indemnify, hold harmless and defend the Indemnitees from and against any and all Liabilities at law or in equity, whether actual, alleged or threatened, which arise out of, are claimed to arise out of, pertain to, or relate to the acts or omissions of Consultant's subcontractor, its officers, agents, servants, employees, subcontractors, materialmen, consultants or their officers, agents, servants or employees (or any entity or individual that Consultant's subcontractor shall bear the legal liability thereof) in the performance of this Agreement, including the Indemnitees' active or passive negligence, except for Liabilities arising from the sole negligence or willful misconduct of the Indemnitees as determined by court decision or by the agreement of the Parties.

B. Workers' Compensation Acts not Limiting. Consultant's indemnifications and obligations under this Section, or any other provision of this Agreement, shall not be limited by the provisions of any workers' compensation act or similar act. Consultant

expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.

C. Insurance Requirements not Limiting. City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. The indemnities in this Section shall apply regardless of whether or not any insurance policies are determined to be applicable to the Liabilities, tax, assessment, penalty or interest asserted against City.

D. No Design Services. Contractor acknowledges that the Services to be provided pursuant to this Agreement do not require the services of a “design professional,” as the term is defined in California Civil Code Section 2782.8(c), and that therefore the provisions of California Civil Code Section 2782.8 do not apply to this Agreement.

E. Survival of Terms. Consultant’s indemnifications and obligations under this Section shall survive the expiration or termination of this Agreement.

9. Insurance.

A. Minimum Scope and Limits of Insurance. Consultant shall procure and at all times during the term of this Agreement carry, maintain, and keep in full force and effect, insurance as follows:

1) Commercial General Liability Insurance with a minimum limit of \$2,000,000.00 per occurrence for bodily injury, personal injury and property damage and a general aggregate limit of \$2,000,000.00 per project or location. If Consultant is a limited liability company, the commercial general liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents and other persons necessary or incidental to its operation are insureds.

2) Automobile Liability Insurance for any owned, non-owned or hired vehicle used in connection with the performance of this Agreement with a combined single limit of \$2,000,000.00 per accident for bodily injury and property damage. If Consultant does not use any owned, non-owned or hired vehicles in the performance of Services under this Agreement, Consultant shall obtain a non-owned auto endorsement to the Commercial General Liability policy required under subparagraph A.1) of this Section.

3) Workers’ Compensation Insurance as required by the State of California and Employer’s Liability Insurance with a minimum limit of \$1,000,000.00 per accident for bodily injury or disease. If Consultant has no employees while performing Services under this Agreement, workers’ compensation policy is not required, but Consultant shall execute a declaration that it has no employees.

4) Professional Liability/Errors and Omissions Insurance with minimum limits of \$2,000,000.00 per claim and in aggregate.

B. Acceptability of Insurers. The insurance policies required under this Section shall be issued by an insurer admitted to write insurance in the State of California with a rating of A:VII or better in the latest edition of the A.M. Best Insurance Rating Guide. Self insurance shall not be considered to comply with the insurance requirements under this Section.

C. Additional Insured. The commercial general and automobile liability policies shall contain an endorsement naming City, its elected and appointed officials, officers, employees, agents and volunteers as additional insureds.

D. Primary and Non-Contributing. The insurance policies required under this Section shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance available to City. Any insurance or self-insurance maintained by City, its elected and appointed officials, officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.

E. Consultant's Waiver of Subrogation. The insurance policies required under this Section shall not prohibit Consultant and Consultant's employees, agents or subcontractors from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against City.

F. Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions must be declared to and approved by City. At City's option, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.

G. Cancellations or Modifications to Coverage. Consultant shall not cancel, reduce or otherwise modify the insurance policies required by this Section during the term of this Agreement. The commercial general and automobile liability policies required under this Agreement shall be endorsed to state that should the issuing insurer cancel the policy before the expiration date, the issuing insurer will endeavor to mail 30 days' prior written notice to City. If any insurance policy required under this Section is canceled or reduced in coverage or limits, Consultant shall, within two Business Days of notice from the insurer, phone, fax or notify City via certified mail, return receipt requested, of the cancellation of or changes to the policy.

H. City Remedy for Noncompliance. If Consultant does not maintain the policies of insurance required under this Section in full force and effect during the term of this Agreement, or in the event any of Consultant's policies do not comply with the requirements under this Section, City may either immediately terminate this Agreement or, if insurance is available at a reasonable cost, City may, but has no duty to, take out the necessary insurance and pay, at Consultant's expense, the premium thereon.

Consultant shall promptly reimburse City for any premium paid by City or City may withhold amounts sufficient to pay the premiums from payments due to Consultant.

I. Evidence of Insurance. Prior to the performance of Services under this Agreement, Consultant shall furnish City's Risk Manager with a certificate or certificates of insurance and all original endorsements evidencing and effecting the coverages required under this Section. The endorsements are subject to City's approval. Consultant may provide complete, certified copies of all required insurance policies to City. Consultant shall maintain current endorsements on file with City's Risk Manager. Consultant shall provide proof to City's Risk Manager that insurance policies expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage. Consultant shall furnish such proof at least two weeks prior to the expiration of the coverages.

J. Indemnity Requirements not Limiting. Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duty to indemnify City under Section 8 of this Agreement.

K. Subcontractor Insurance Requirements. Consultant shall require each of its subcontractors that perform Services under this Agreement to maintain insurance coverage that meets all of the requirements of this Section.

10. Mutual Cooperation.

A. City's Cooperation. City shall provide Consultant with all pertinent Data, documents and other requested information as is reasonably available for Consultant's proper performance of the Services required under this Agreement.

B. Consultant's Cooperation. In the event any claim or action is brought against City relating to Consultant's performance of Services rendered under this Agreement, Consultant shall render any reasonable assistance that City requires.

11. Records and Inspections. Consultant shall maintain complete and accurate records with respect to time, costs, expenses, receipts, correspondence, and other such information required by City that relate to the performance of the Services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Consultant shall provide free access to City, its designees and representatives at reasonable times, and shall allow City to examine and audit the books and records, to make transcripts therefrom as necessary, and to inspect all work, data, documents, proceedings and activities related to this Agreement. Such records, together with supporting documents, shall be maintained for a period of three years after receipt of final payment.

12. Termination of Agreement.

A. Right to Terminate. City may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to Consultant at least five calendar days before the termination is to be effective. Consultant may terminate this Agreement at any time, at will, for any reason or no reason, after giving written notice to City at least 60 calendar days before the termination is to be effective.

B. Obligations upon Termination. Consultant shall cease all work under this Agreement on or before the effective date of termination specified in the notice of termination. In the event of City's termination of this Agreement due to no fault or failure of performance by Consultant, City shall pay Consultant based on the percentage of work satisfactorily performed up to the effective date of termination. In no event shall Consultant be entitled to receive more than the amount that would be paid to Consultant for the full performance of the Services required by this Agreement. Consultant shall have no other claim against City by reason of such termination, including any claim for compensation.

13. Force Majeure. Consultant shall not be liable for any failure to perform its obligations under this Agreement if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to acts of God, embargoes, inability to obtain labor or materials or reasonable substitutes for labor or materials, governmental restrictions, governmental regulations, governmental controls, judicial orders, enemy or hostile governmental action, civil commotion, fire or other casualty, or other causes beyond Consultant's reasonable control and not due to any act by Consultant.

14. Default.

A. Consultant's failure to comply with the provisions of this Agreement shall constitute a default. In the event that Consultant is in default for cause under the terms of this Agreement, City shall have no obligation or duty to continue compensating Consultant for any work performed after the date of default.

B. In addition to the right to terminate pursuant to Section 12, if the City Manager determines that Consultant is in default in the performance of any of the terms or conditions of this Agreement, City shall serve Consultant with written notice of the default. Consultant shall have ten calendar days after service upon it of the notice in which to cure the default by rendering a satisfactory performance. In the event that Consultant fails to cure its default within such period of time, City may, notwithstanding any other provision of this Agreement, terminate this Agreement without further notice and without prejudice to any other remedy to which it may be entitled at law, in equity or under this Agreement.

15. Notices. Any notice, consent, request, demand, bill, invoice, report or other communication required or permitted under this Agreement shall be in writing and conclusively deemed effective: (a) on personal delivery, (b) on confirmed delivery by courier service during Consultant's and City's regular business hours, or (c) three

Business Days after deposit in the United States mail, by first class mail, postage prepaid, and addressed to the Party to be notified as set forth below:

If to City:

Attn: Adilia Miller
City of Manhattan Beach
1400 Highland Avenue
Manhattan Beach, California 90266
Telephone: 310-802-5362
Email: amiller@citymb.info

If to Consultant:

Attn: Frank Bigdeli, P.E.
Quantum Quality Consulting, Inc.
2720 Sepulveda Blvd.
Torrance, CA 90505
Telephone: (310) 891-3994
Email:
fbigdeli@thequantumconsulting.com

With a courtesy copy to:

Quinn M. Barrow, City Attorney
1400 Highland Avenue
Manhattan Beach, California 90266
Telephone: (310) 802-5061
Email: qbarrow@rwglaw.com

16. Non-Discrimination and Equal Employment Opportunity. In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor or applicant for employment because of race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information, sexual orientation or other basis prohibited by law. Consultant will take affirmative action to ensure that subcontractors and applicants are employed, and that employees are treated during employment, without regard to their race, color, religious creed, sex, gender, gender identity, gender expression, marital status, national origin, ancestry, age, physical disability, mental disability, medical condition, genetic information or sexual orientation.

17. Prohibition of Assignment and Delegation. Consultant shall not assign any of its rights or delegate any of its duties under this Agreement, either in whole or in part, without City's prior written consent. City's consent to an assignment of rights under this Agreement shall not release Consultant from any of its obligations or alter any of its primary obligations to be performed under this Agreement. Any attempted assignment or delegation in violation of this Section shall be void and of no effect and shall entitle City to terminate this Agreement. As used in this Section, "assignment" and "delegation" means any sale, gift, pledge, hypothecation, encumbrance or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

18. No Third Party Beneficiaries Intended. This Agreement is made solely for the benefit of the Parties to this Agreement and their respective successors and assigns, and no other person or entity may have or acquire a right by virtue of this Agreement.

19. Waiver. No delay or omission to exercise any right, power or remedy accruing to City under this Agreement shall impair any right, power or remedy of City, nor shall it be construed as a waiver of, or consent to, any breach or default. No waiver of any breach, any failure of a condition, or any right or remedy under this Agreement shall be (1) effective unless it is in writing and signed by the Party making the waiver, (2) deemed to be a waiver of, or consent to, any other breach, failure of a condition, or right or remedy, or (3) deemed to constitute a continuing waiver unless the writing expressly so states.

20. Final Payment Acceptance Constitutes Release. The acceptance by Consultant of the final payment made under this Agreement shall operate as and be a release of City from all claims and liabilities for compensation to Consultant for anything done, furnished or relating to Consultant's work or services. Acceptance of payment shall be any negotiation of City's check or the failure to make a written extra compensation claim within ten calendar days of the receipt of that check. However, approval or payment by City shall not constitute, nor be deemed, a release of the responsibility and liability of Consultant, its employees, subcontractors and agents for the accuracy and competency of the information provided and/or work performed; nor shall such approval or payment be deemed to be an assumption of such responsibility or liability by City for any defect or error in the work prepared by Consultant, its employees, subcontractors and agents.

21. Corrections. In addition to the above indemnification obligations, Consultant shall correct, at its expense, all errors in the work which may be disclosed during City's review of Consultant's report or plans. Should Consultant fail to make such correction in a reasonably timely manner, such correction may be made by City, and the cost thereof shall be charged to Consultant. In addition to all other available remedies, City may deduct the cost of such correction from any retention amount held by City or may withhold payment otherwise owed Consultant under this Agreement up to the amount of the cost of correction.

22. Non-Appropriation of Funds. Payments to be made to Consultant by City for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that City does not appropriate sufficient funds for payment of Consultant's services beyond the current fiscal year, this Agreement shall cover payment for Consultant's services only to the conclusion of the last fiscal year in which City appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

23. Exhibits. Exhibits A, B, and C constitute a part of this Agreement and are incorporated into this Agreement by this reference. If any inconsistency exists or arises between a provision of this Agreement and a provision of any exhibit, or between a

provision of this Agreement and a provision of Consultant's proposal, the provisions of this Agreement shall control.

24. Entire Agreement and Modification of Agreement. This Agreement and all exhibits referred to in this Agreement constitute the final, complete and exclusive statement of the terms of the agreement between the Parties pertaining to the subject matter of this Agreement and supersede all other prior or contemporaneous oral or written understandings and agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty except those expressly set forth in this Agreement. This Agreement may not be amended, nor any provision or breach hereof waived, except in a writing signed by both Parties.

25. Headings. The headings in this Agreement are included solely for convenience of reference and shall not affect the interpretation of any provision of this Agreement or any of the rights or obligations of the Parties to this Agreement.

26. Word Usage. Unless the context clearly requires otherwise, (a) the words "shall," "will" and "agrees" are mandatory and "may" is permissive; (b) "or" is not exclusive; and (c) "includes" or "including" are not limiting.

27. Time of the Essence. Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a Party of the benefits of any grace or use period allowed in this Agreement.

28. Business Days. "Business days" means days Manhattan Beach City Hall is open for business.

29. Governing Law and Choice of Forum. This Agreement, and any dispute arising from the relationship between the Parties to this Agreement, shall be governed by and construed in accordance with the laws of the State of California, except that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in interpreting this Agreement. Any dispute that arises under or relates to this Agreement (whether contract, tort or both) shall be resolved in a superior court with geographic jurisdiction over the City of Manhattan Beach.

30. Attorneys' Fees. In any litigation or other proceeding by which a Party seeks to enforce its rights under this Agreement (whether in contract, tort or both) or seeks a declaration of any rights or obligations under this Agreement, the prevailing Party shall be entitled to recover all attorneys' fees, experts' fees, and other costs actually incurred in connection with such litigation or other proceeding, in addition to all other relief to which that Party may be entitled.

31. Severability. If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable for any reason, the validity of and

enforceability of the remaining provisions of this Agreement shall not be affected and continue in full force and effect.

32. Counterparts. This Agreement may be executed in multiple counterparts, all of which shall be deemed an original, and all of which will constitute one and the same instrument.

33. Corporate Authority. Each person executing this Agreement on behalf of his or her Party warrants that he or she is duly authorized to execute this Agreement on behalf of that Party and that by such execution, that Party is formally bound to the provisions of this Agreement.

[SIGNATURE PAGE FOLLOWS]

The Parties, through their duly authorized representatives are signing this Agreement on the date stated in the introductory clause.

City:

City of Manhattan Beach,
a California municipal corporation

Consultant:

Quantum Quality Consulting, Inc.,
a California corporation

By: _____
Name: Bruce Moe
Title: City Manager

By: _____
Name: _____
Title: _____

ATTEST:

By: _____
Name: _____
Title: _____

By: _____
Name: Liza Tamura
Title: City Clerk

**PROOF OF AUTHORITY TO BIND CONTRACTING
PARTY REQUIRED**

APPROVED AS TO FORM:

By: _____
Name: Quinn M. Barrow
Title: City Attorney

APPROVED AS TO FISCAL CONTENT:

By: _____
Name: Steve S. Charelian
Title: Finance Director

EXHIBIT A SCOPE OF SERVICES

Inspection Services

Quantum Consulting shall provide Inspectors to perform the following services for the City of Manhattan Beach as stated in the RFP:

1. Review the Plans and Specifications thoroughly prior to the pre-construction meeting.
2. Establish effective communications with City's Contractor (the "Contractor"), other agencies, utilities, and business and property owners.
3. Ensure compliance with the Specifications, and other requirements, such as, but not limited to, the Contract, Traffic Control, Cal/OSHA Standards, CCO, Permits, Standard Plans, checking line, grade, size, elevation, and location of improvements.
4. Monitor extra work.
5. Perform project oversight for the monitoring of traffic control, damage to infrastructure, and replacement of infrastructure to City Standards.
6. Attend the weekly construction meetings.
7. Keep daily dairies (logs), fill out Incident (accident) Reports, and take pictures of the project. Quantum's Inspector will submit Daily Inspection Reports identifying work done by the Contractor to the City's Project Manager on the next business day for review and filing.
8. Document all Contractor delays, reasons for delay, length of time for delay, and Phases of work.
9. Monitor and provide supporting documentation on the personnel and equipment that is involved with any extra work performed by the Contractor. Determine whether the work of the Contractor is being performed in accordance with the requirements of the contract documents, and endeavor to guard the City against defects and deficiencies in such work.
10. Identify and report potential contractor claims and recommend resolution.
11. Prepare the weekly statement of working days and send to the Contractor on a weekly basis.
12. During the course of inspection and monitoring of the work, if the Quantum Inspector observes an unsafe situation, he or she will notify the Contractor of the

violation and provide written notification of such infraction to the Contractor. If the Contractor refuses to comply, Quantum's Inspector will notify the City and Cal/OSHA.

13. Measure and tabulate contract quantities.

14. Review the Contractor's invoices, verify completed work, and approve all quantities.

15. Prepare a list of items for correction (punch list) and prepare redlined as-built plans.

16. Prepare status report for project close-out and all applicable documents as "closeout" file.

17. Quantum shall instruct the Inspector that he or she does not have the authority to allow deviations from the Contract Plans and Specifications.

18. Quantum's Inspector will possess a digital camera, and will provide digital images of the project to the City of Manhattan Beach in "jpg" format.

19. Quantum's Inspector will possess a vehicle and a mobile phone for immediate contact by the City, and show proof of a valid California's driver's license and insurance.

20. Quantum's Inspector shall maintain normal working hours from 7:30 a.m. to 5:30 p.m. with a 1-hour lunch break, but may need to adjust to 7:00 a.m. to 4:30 p.m. with a one-half hour lunch due to construction activities.

21. Perform other related duties as required.

**EXHIBIT B
APPROVED FEE SCHEDULE**

**QUANTUM CONSULTING
Fee Proposal**

City of Manhattan Beach

RFP 1223-20 for Professional Construction Inspection Services - Street Resurfacing
Project - Cycle 1

Tuesday, November 5, 2019	Senior Inspector	<u>Fees</u>
<u>Hourly Rates</u>	<u>\$125</u>	
TASKS		
Kick-Off Meeting	2	\$250.00
Inspection Services (75 WDs)	600	\$75,000.00
<u>Total</u>		<u>\$75,250.00</u>

Notes:

The tasks indicated correspond to those in the scope of services.

The fee schedule is limited to the site shown.

The fees are inclusive of telephone, fax, mail and travel costs.

City of Manhattan Beach to make provision for providing access to records.

EXHIBIT C
TERMS FOR COMPLIANCE WITH CALIFORNIA LABOR LAW REQUIREMENTS

1. This Agreement calls for services that, in whole or in part, constitute “public works” as defined in Division 2, Part 7, Chapter 1 (commencing with Section 1720) of the California Labor Code (“Chapter 1”). Further, Contractor acknowledges that this Agreement is subject to (a) Chapter 1 and (b) the rules and regulations established by the Department of Industrial Relations (“DIR”) implementing such statutes. Therefore, as to those Services that are “public works”, Contractor shall comply with and be bound by all the terms, rules and regulations described in 1(a) and 1(b) as though set forth in full herein.

2. California law requires the inclusion of specific Labor Code provisions in certain contracts. The inclusion of such specific provisions below, whether or not required by California law, does not alter the meaning or scope of Section 1 above.

3. Contractor shall be registered with the Department of Industrial Relations in accordance with California Labor Code Section 1725.5, and has provided proof of registration to City prior to the Effective Date of this Agreement. Contractor shall not perform work with any subcontractor that is not registered with DIR pursuant to Section 1725.5. Contractor and subcontractors shall maintain their registration with the DIR in effect throughout the duration of this Agreement. If the Contractor or any subcontractor ceases to be registered with DIR at any time during the duration of the project, Contractor shall immediately notify City.

4. Pursuant to Labor Code Section 1771.4, Contractor’s Services are subject to compliance monitoring and enforcement by DIR. Contractor shall post job site notices, as prescribed by DIR regulations.

5. Pursuant to Labor Code Section 1773.2, copies of the prevailing rate of per diem wages for each craft, classification, or type of worker needed to perform the Agreement are on file at City Hall and will be made available to any interested party on request. Contractor acknowledges receipt of a copy of the DIR determination of such prevailing rate of per diem wages, and Contractor shall post such rates at each job site covered by this Agreement.

6. Contractor shall comply with and be bound by the provisions of Labor Code Sections 1774 and 1775 concerning the payment of prevailing rates of wages to workers and the penalties for failure to pay prevailing wages. The Contractor shall, as a penalty to City, forfeit \$200.00 for each calendar day, or portion thereof, for each worker paid less than the prevailing rates as determined by the DIR for the work or craft in which the worker is employed for any public work done pursuant to this Agreement by Contractor or by any subcontractor.

7. Contractor shall comply with and be bound by the provisions of Labor Code Section 1776, which requires Contractor and each subcontractor to: keep accurate payroll records and verify such records in writing under penalty of perjury, as specified in Section 1776; certify and make such payroll records available for inspection as provided by Section 1776; and inform City of the location of the records.

8. Contractor shall comply with and be bound by the provisions of Labor Code seq. concerning the employment of apprentices on public works projects. Contractor shall be responsible for compliance with these aforementioned Sections for all apprenticeable occupations. Prior to commencing work under this Agreement, Contractor shall provide City with a copy of the information submitted to any applicable apprenticeship program. Within 60 days after concluding work pursuant to this Agreement, Contractor and each of its subcontractors shall submit to City a verified statement of the journeyman and apprentice hours performed under this Agreement.

9. The Contractor shall not perform Work with any Subcontractor that has been debarred or suspended pursuant to California Labor Code Section 1777.1 or any other federal or state law providing for the debarment of contractors from public works. The Contractor and Subcontractors shall not be debarred or suspended throughout the duration of this Contract pursuant to Labor Code Section 1777.1 or any other federal or state law providing for the debarment of contractors from public works. If the Contractor or any subcontractor becomes debarred or suspended during the duration of the project, the Contractor shall immediately notify City.

10. Contractor acknowledges that eight hours labor constitutes a legal day's work. Contractor shall comply with and be bound by Labor Code Section 1810. Contractor shall comply with and be bound by the provisions of Labor Code Section 1813 concerning penalties for workers who work excess hours. The Contractor shall, as a penalty to City, forfeit \$25.00 for each worker employed in the performance of this Agreement by the Contractor or by any subcontractor for each calendar day during which such worker is required or permitted to work more than eight hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Division 2, Part 7, Chapter 1, Article 3 of the Labor Code. Pursuant to Labor Code section 1815, work performed by employees of Contractor in excess of eight hours per day, and 40 hours during any one week shall be permitted upon public work upon compensation for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay.

11. California Labor Code Sections 1860 and 3700 provide that every employer will be required to secure the payment of compensation to its employees. In accordance with the provisions of California Labor Code Section 1861, Contractor hereby certifies as follows:

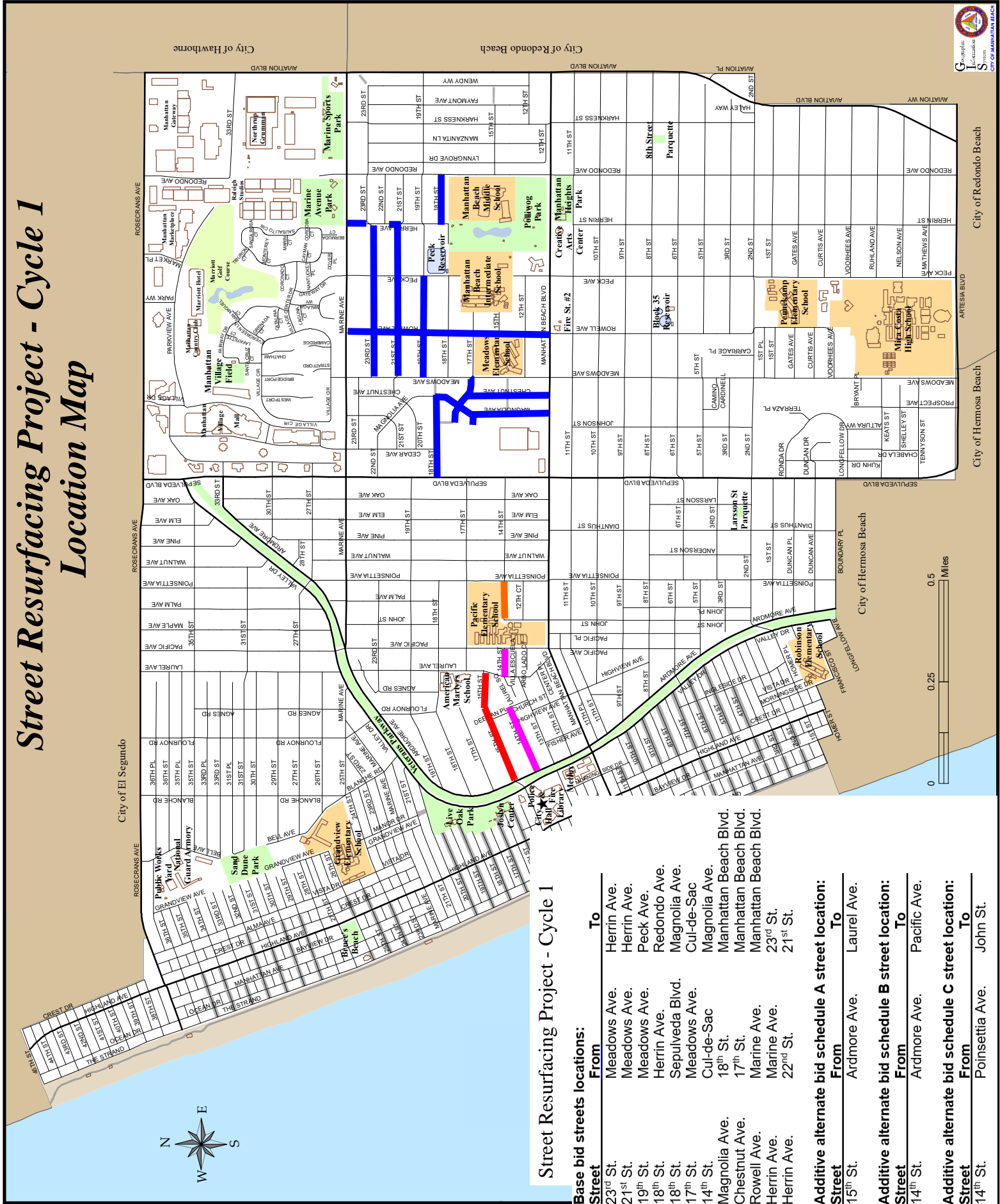
“I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers’

compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this contract.”

12. For every subcontractor who will perform work on the project, Contractor shall be responsible for such subcontractor’s compliance with Chapter 1 and Labor Code Sections 1860 and 3700, and Contractor shall include in the written contract between it and each subcontractor a copy of those statutory provisions and a requirement that each subcontractor shall comply with those statutory provisions. Contractor shall be required to take all actions necessary to enforce such contractual provisions and ensure subcontractor’s compliance, including without limitation, conducting a periodic review of the certified payroll records of the subcontractor and upon becoming aware of the failure of the subcontractor to pay his or her workers the specified prevailing rate of wages. Contractor shall diligently take corrective action to halt or rectify any failure.

13. To the maximum extent permitted by law, Contractor shall indemnify, hold harmless and defend (at Contractor’s expense with counsel reasonably acceptable to City) City, its officials, officers, employees, agents and independent contractors serving in the role of City officials, and volunteers from and against any demand or claim for damages, compensation, fines, penalties or other amounts arising out of or incidental to any acts or omissions listed above by any person or entity (including Contractor, its subcontractors, and each of their officials, officers, employees and agents) in connection with any work undertaken or in connection with the Agreement, including without limitation the payment of all consequential damages, attorneys’ fees, and other related costs and expenses. All duties of Contractor under this Section shall survive the termination of the Agreement.

Street Resurfacing Project - Cycle 1 Location Map



Street Resurfacing Project - Cycle 1

Base bid streets locations:

Street	From	To
23 rd St.	Meadows Ave.	Herrin Ave.
21 st St.	Meadows Ave.	Herrin Ave.
19 th St.	Meadows Ave.	Peck Ave.
18 th St.	Herrin Ave.	Redondo Ave.
18 th St.	Sepulveda Blvd.	Magnolia Ave.
17 th St.	Meadows Ave.	Cul-de-Sac
14 th St.	Cul-de-Sac	Magnolia Ave.
Magnolia Ave.	18 th St.	Manhattan Beach Blvd.
Chestnut Ave.	17 th St.	Manhattan Beach Blvd.
Rowell Ave.	Marine Ave.	Manhattan Beach Blvd.
Herrin Ave.	23 rd St.	21 st St.
Herrin Ave.	22 nd St.	21 st St.

Additive alternate bid schedule A street location:

Street	From	To
15 th St.	Ardmore Ave.	Laurel Ave.

Additive alternate bid schedule B street location:

Street	From	To
14 th St.	Ardmore Ave.	Pacific Ave.

Additive alternate bid schedule C street location:

Street	From	To
14 th St.	Poinsettia Ave.	John St.

Plans and Specifications

<https://www.citymb.info/Home/ShowDocument?id=41213>

**Street Resurfacing Project – Cycle 1
Construction Phase Budget and Expenditure Summary Report**

CURRENT AVAILABLE BUDGET	
Prop C Fund: Annual Street Resurfacing CIP-19105E	\$693,053
Gas Tax Fund: 2 Project Line Items (to be consolidated into CIP 19105E):	
• Annual Curb, Gutter and Ramp Replacement (CIP-16108E)	\$443,441
• Annual Residential Street Resurfacing (CIP-19102E)	\$325,497
Additional appropriation from Gas Tax Fund Unreserved Fund Balance to CIP-19105E	\$108,021
TOTAL BUDGET	\$1,570,012

EXPENDITURES	
Construction Contract PALP, Inc. dba Excel Paving Company	\$1,329,859
12.4% Construction Contingency	\$164,903
Inspection Agreement to Quantum Quality Consulting, Inc.	\$75,250
TOTAL EXPENDITURES	\$1,570,012

