



Amended Additional Documents Distributed for the City Council Meetings of June 7, 2023

Item No.	Agenda Item Description	Distributor	Document
02.	PUBLIC COMMENT	Jeremy D.	Email to Council
02.	PUBLIC COMMENT	Yvonne LaRose	Email to Council
05.	UPDATE ON 710 PROJECT COORDINATION WITH NEIGHBOR CITIES	Ted Gerber, Public Works Director	PowerPoint
09.	APPROVAL OF CITY COUNCIL MEETING MINUTES FOR MAY 17, 2023 AND MAY 30, 2023	Luis Frausto, Management Services Director	Memo for Clarification
12.	APPROVAL OF A FACILITY LEASE AGREEMENT WITH I-TENNIS FOR THE ARROYO SECO RACQUET CLUB	Sheila Pautsch, Community Services Director	Memo for Clarification (Attachment)
16.	AWARD OF CONTRACT TO TRIO COMMUNITY MEALS IN THE AMOUNT OF \$77,610 FOR THE CATERED SENIOR SERVICES NUTRITION PROGRAM FOR FISCAL YEAR 2023-2024	Yvonne LaRose	Email to Council
18.	APPROVAL OF AWARD OF CONTRACT WITH RICHARDS WATSON & GERSHON FOR CITY ATTORNEY SERVICES	Domenica Megerdichian, Deputy City Manager	Memo for Clarification
18.	APPROVAL OF AWARD OF CONTRACT WITH RICHARDS WATSON & GERSHON FOR CITY ATTORNEY SERVICES	Domenica Megerdichian, Deputy City Manager	PowerPoint
19.	CONSIDERATION OF SOUTH PASADENA CHAMBER OF COMMERCE BUSINESS IMPROVEMENT TAX (BIT) PROPOSAL FOR FUNDING FOR FY 2023-24 IN THE AMOUNT OF \$128,500	Domenica Megerdichian, Deputy City Manager	Memo for Clarification (Attachment 3)

19.	CONSIDERATION OF SOUTH PASADENA CHAMBER OF COMMERCE BUSINESS IMPROVEMENT TAX (BIT) PROPOSAL FOR FUNDING FOR FY 2023-24 IN THE AMOUNT OF \$128,500	Alan Ehrlich	Email to Council
21A.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	Memo for Clarification (Attachment 4)
21B.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	Memo for Clarification (Attachment 5)
21C.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	Memo for Clarification (Correction)
21D.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	Memo for Clarification (Changes to Budget)
21E.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	Memo for Clarification (Finance Commission Suggestions)
21 F.	ADOPTION OF FISCAL YEAR 2023-24 ANNUAL BUDGET REPORT AND RESOLUTION	John Downs, Interim Finance Director	PowerPoint

From: [Jeremy D](#)
To: [CCO](#)
Subject: Re: Special Closed Session and Open Session Agendas and City Council Agenda Packet links - June 7, 2023
Date: Friday, June 2, 2023 2:14:19 PM
Attachments: [image003.png](#)

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

SP City Council,

For the 6/7 open session item number 18, APPROVAL OF AWARD OF CONTRACT WITH RICHARDS WATSON & GERSHON FOR CITY ATTORNEY SERVICES:

I wanted to say that I support this agenda item and think it is time for South Pasadena to have a new city attorney. I am excited by the fact that one of members on the RWG team is a local resident who previously served on the Public Safety Commission and really understands our city, its residents and the issues we face. The firm has an outstanding reputation, and it is long overdue that we separate from CHW.

Thanks,

Jeremy

From: Tiara Solorzano <tsolorzano@southpasadenaca.gov>
Sent: Thursday, June 1, 2023 10:54 PM
To: City Clerk's Division <CityClerk@southpasadenaca.gov>
Subject: Special Closed Session and Open Session Agendas and City Council Agenda Packet links - June 7, 2023

PLEASE DO NOT REPLY ALL TO THIS EMAIL.

Good Evening,

Please find the Special Closed Session and Open Session Agendas attached; and, the links for the June 7, 2023 City Council Meetings below.

[Agenda Packet: 2023 Council Meetings](#)

Special Closed Session – 5:30 PM Meeting ID: 226 442 7248 Zoom Link	Open Session – 7:00 PM Meeting ID: 825 9999 2830 Studio Spectrum Live Stream Zoom Link
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*For optimal viewing please use, Chrome or Microsoft Edge for browsing. You may have to

refresh.

Best,

Tiara Solorzano

Management Assistant

City of South Pasadena

626-403-7230

tsolorzano@southpasadenaca.gov

135EMAIL SIGNATURE



From: [Yvonne LaRose](#)
To: [City Council Public Comment](#)
Subject: General Public Comment re Housing Element - High Quality Transportation
Date: Wednesday, June 7, 2023 11:57:52 AM

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Unfortunately, my attempt at making a Zoom public comment at the special May 30 Council meeting had numerous technical difficulties. Not only was I not able to see the timer (so was unaware of how much time had elapsed), there were audio difficulties that were not rectified until about 15-20 minutes or so into Mr. Henniger's presentation. In addition, the video of the meeting also had audio difficulties. My public comment became muted about one minute into my talk; there is no closed caption transcript available with that video. The technical difficulties seemed to be resolved after my comment was concluded.

Because my time expired, the more salient points that needed to be brought to light related to our disabled population who rely on "high quality transportation". While we do have curb cutouts and yellow sense bumps, our disability accommodations for public transportation need more attention to the 35% of disabled public.

I brought up the subject of the available transportation options, their availability, and some of their shortcomings. Especially in relation to paratransport options and failure to go to the designated pickup address, this practice poses a serious issue with regard for those with visual, auditory, and vocal impairments. Those with physical and non-visible impairments are also put at risk in several ways. Additionally (and I've spoken about this in the past), if a passenger is 5 minutes late for meeting their transport appointment, the driver will leave and indicate on the log that the passenger was a "no show". With a collection of three such "no show"s on the passenger's record, their ability to use the service will be suspended for one month.

However, if the passenger is not able to see the vehicle that's around the corner and down the street, or if the passenger has difficulty reaching that "cloaked" vehicle, they run the risk of being left with no means of going to their destination in addition to building a penalty record.

We do NOT have "high quality transportation" options available in South Pasadena. I urge you to consider expanding (in some way) the transportation options offered so that our marginalized population does not become doubly marginalized because of lack of reasonable, timely and reliable transportation.

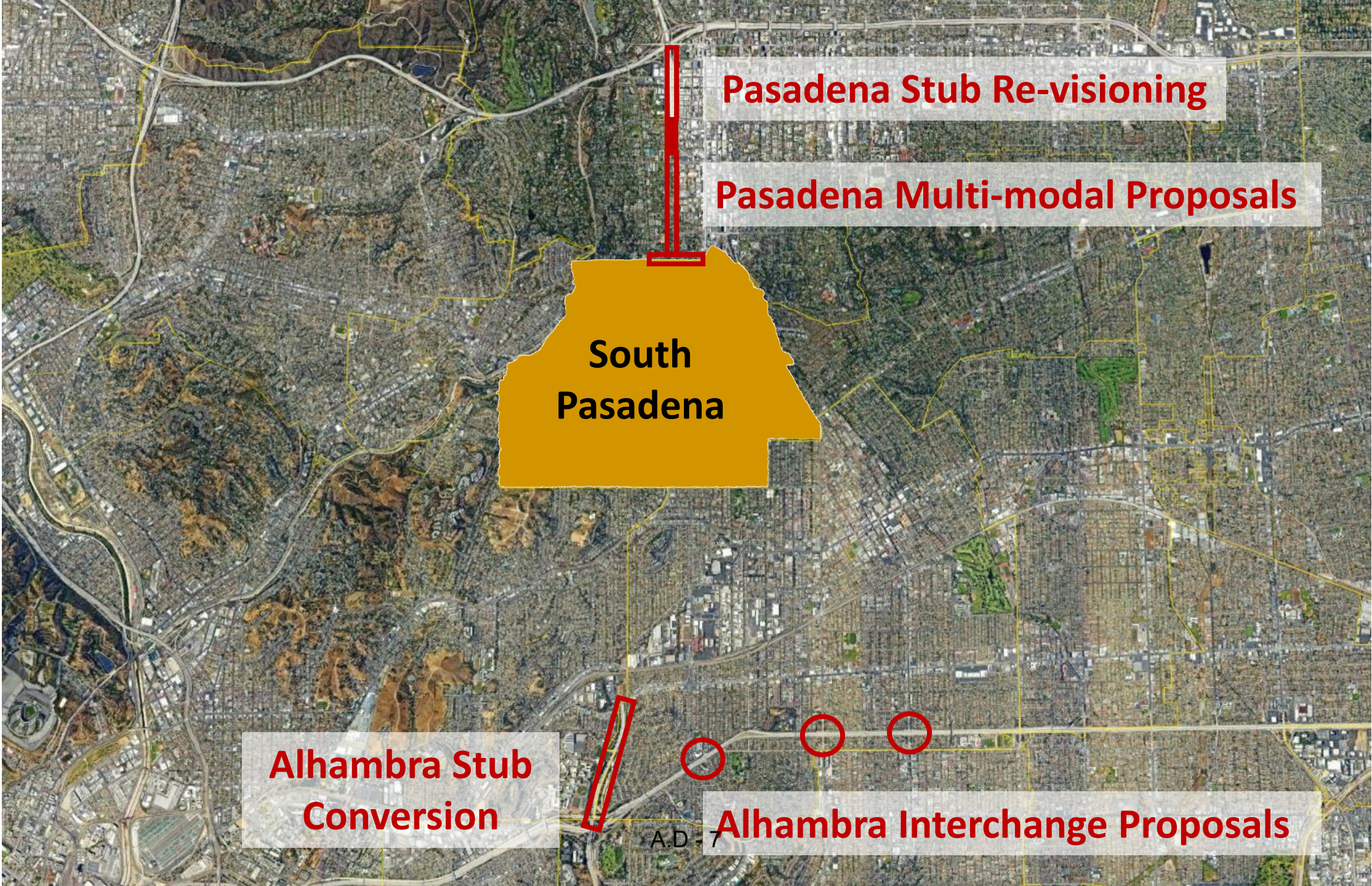
Yvonne LaRose, CAC
Organization Development Consultant: Diversity/Title VII, Harassment, Ethics

Update on 710 Project Coordination with Neighbor Cities

June 7, 2023

Prepared By: South Pasadena Public Works Department

A.D - 6



Pasadena Stub Re-visioning

Pasadena Multi-modal Proposals

**South
Pasadena**

**Alhambra Stub
Conversion**

Alhambra Interchange Proposals

A.D. 7

Pasadena's Progress

- Safety and Operational Performance Study
- 2022 Relinquishment
- SR-710 North Mobility Improvement Projects (Measure R MIP)
- Re-visioning / Reconnecting Communities Advisory Group
 - Planning
 - Displacement Restorative Justice Response

Alhambra's Progress

- Alhambra's Objectives
 - "Fix" I-10/Fremont Ave Interchange
 - "Fix" the I-10 and I-710 Bottleneck
 - Convert 710 Stub into an Arterial Street
 - Atlantic and Garfield Interchange Upgrade(s)
- Currently in Planning phase – more analysis to determine direction
- Next Environmental, Design, then Construction in 4-5 years
- More information at AdvancingAlhambra.org



City of South Pasadena Management Services

Memo

Date: June 7, 2023

To: The Honorable City Council

Via: Aminé Chaparyan, City Manager *DVM for AL*

From: Luis Frausto, Management Services Director

June 7, 2023, City Council Meeting Item No. 9 Approval of City Council Meeting Minutes for May 17, 2023 and May 30, 2023

The memo provides edits to Item 9:

- Page 9 – 13: Additional language under Council Action and Motion for Item No. 19 on the May 17, 2023, City Council Meeting Minutes.
 - **“City Council voted to establish a Council Subcommittee with Councilmember Jack Donovan and Mayor Jon Primuth to work with staff, conduct a meeting with all stakeholders, and return to City Council with additional information pertaining to the Ordinance.”**
- Page 9 – 15: Additional language to Item No. 23 on the May 17, 2023, City Council Meeting Minutes.
 - **“Hearing no opposition, the City Council received a detailed presentation from the Consultant, Dave Davis, and filed the presentation. After extensive discussion, the City Council directed staff to discuss a refined Backyard Service option with Athens, in which the term is reevaluated considering a fixed term instead of a rolling term and that Athens consider a phasing in rates instead of an all-at-once increase.”**
- Page 9 – 21: Additional language to Item No. 4 on the May 30, 2023, City Council Meeting Minutes.

- **First bullet point to read, “Mayor Pro Tem Zneimer requested additional Financial information from the Chamber of Commerce related to the Eclectic event and the Farmer Market.”**
- **Fourth bullet point to read, “Councilmember Cacciotti asked that the Fire Department look in to electric vehicles as an adoption for the shared command vehicle replacement agreement with San Marino.”**



City of South Pasadena Community Services

Memo

Date: June 7, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DUM for AZ*

From: Sheila Pautsch, Community Services Director

RE: June 7, 2023 City Council Meeting Item No. 12 Approval of a Facility Lease Agreement with i-Tennis for the Arroyo Seco Racquet Club – Attachment

This memo adds an attachment to Item No. 12. The attachment shall be reflected as the Attachment – Facility Lease Agreement with i-Tennis, Inc.

ATTACHMENT
Facility Lease Agreement with i-Tennis, Inc.

FACILITY LEASE AGREEMENT
(Arroyo Seco Racquet Club)

This Lease Agreement (the "Agreement") is entered into this 7th day of June 2023, by and between City of South Pasadena, a municipal corporation ("Owner"), and iTennis, Inc. ("Operator").

1. **Lease Premises.** Owner hereby leases to Operator and Operator hereby leases from Owner, for the term and upon the terms and conditions set forth in this Agreement, the following (collectively, "Premises"), for those uses described in section 2 below:

1.1 Real Property. The land commonly known as Arroyo Seco Racquet Club ('Racquet Club'), in the City of South Pasadena, State of California and described with more specificity in Exhibit "A," which is attached to this Agreement and made a part of this Agreement for all purposes, together with all buildings, fixtures and other improvements located on said land and all easements, covenants and other appurtenant rights (the "Real Property").

2. **Use of Leased Premises.**

- 2.1 Use. Operator shall use the Premises for the operation of a tennis and racquet facility and other activities customarily associated with or incidental to the operation of a tennis and racquet sports facility. The following are approved uses of the Premises: tennis, squash, and pickleball lessons and court rental; café; racquet sports pro shop; gym; and sale or rental of related merchandise. Any events or activities other than the aforementioned or that have a direct correlation to said activities require prior approval by the Community Services Director. Filming on-site with City-issued film permits will be allowed. The Location Fee received from film production company shall be split with the City receiving 80% of all revenue and Operator receiving 20% of all revenue. Operator shall not use the Premises for any unlawful purpose and shall comply with all valid laws, rules, and regulations applicable to the Premises or the businesses conducted on the Premises.
- 2.2 Operator's Right to Control Business Operations. Operator shall have the exclusive right, obligation, and authority to operate and manage the Premises as

Operator deems appropriate. Without limiting the foregoing, Operator shall have the right and sole obligation to:

- a) Implement all reasonable policies and procedures and to perform any act deemed necessary or desirable for the operation and management of the Premises, including but not limited to protocols and precautions established due to public health issues;
- b) Ensure that the facilities are open to all persons consistent with state and federal laws;
- c) Determine all lesson or clinic fees, court rentals, membership fees, initiation fees (if any), membership dues (if any) and all other charges associated with the operation of the Premises;
- d) Determine all personnel requirements, recruitment schedules and compensation levels, and be solely responsible to employ, train, promote, discharge, and supervise all personnel performing services in and about the Premises;
- e) Purchase and/or lease all furnishings, equipment, and operating supplies which Operator deems necessary or desirable for the operation of the Premises;
- f) Establish accounting, cash collection and payroll procedures at the Premises; and
- g) Establish advertising, sales and promotion plans with respect to the Premises.

Notwithstanding the above, Owner shall have the right to enter and inspect the property at any time the facility is open.

2.3 Owner's representative is the Director of Community Services who is authorized, on behalf of the Owner, to administer this Lease and monitor Operator's compliance with the terms hereof. Unless otherwise notified by Owner through its City Manager, Operator shall deal exclusively by and through the Director of Community Services or his or her designee and shall have the right to rely upon decisions rendered by the Director of Community Services who shall be deemed to be the Owner's authorized representative. Operator shall meet with Owner Representative at the request of the Owner or Owner Representative. Operator

shall consider in good faith the requests and recommendations of the Director of Community Services to increase play and revenue or to enhance maintenance and operation of the Premises facility.

- 2.4 Since the facility belongs to the City of South Pasadena, it is expected that the Operator will contribute to the betterment of the quality of life for the residents by utilizing local vendors, supporting junior tennis programs, and hosting City events whenever possible.
 - 2.5 Owner shall have the right to review owner's marketing materials and have the right to comment upon and make suggestions for improvement to such materials or to Operator's operations as a whole. Operator shall consider all of Owner's suggestions and comments but shall not be obligated to implement the same. Operator shall not use the City of South Pasadena logo or name in marketing materials without prior approval.
 - 2.6 California Relocation Act Indemnity. In the event that any Subtenant of Operator makes a claim for relocation assistance or is determined by a court of competent jurisdiction to be eligible for relocation assistance under the California Relocation Indemnity Act (Government Code §§ 7260 et. seq.), Operator shall indemnify, defend, and hold harmless Owner for the payment of any relocation assistance as well as for the payment of any penalties and interest on such assistance, which would otherwise be the responsibility of Owner.
3. **Term.**
- 3.1 Initial Term. The initial term of this Agreement shall be for ten (10) years, beginning on July 1, 2023 (the "Commencement Date"), and ending on June 30, 2033 (the "Initial Term"). Any extension of this Agreement shall be in writing signed by both parties following approval by Owner.
 - 3.2 Option to Extend by City. Owner shall have the right and option to extend the term of this Agreement at the end of the Initial Term, under all the terms, covenants and conditions contained in this Agreement, for one (1) five (5) year option period (the "Option Period"). Such Option Period shall, if exercised, commence on July 1, 2033, and end on June 30, 2038. The right to exercise this option is dependent upon Operator not being in material default under this Agreement (after the expiration of any applicable cure periods) on the date the Option Period is to commence. Owner must give Operator written notice of its

intention to exercise such option not less than one hundred eighty (180) days prior to the end of the Initial Term.

- 3.3 Surrender upon Agreement Expiration. Upon the expiration or earlier termination of this Agreement, Operator shall return the Real Property to Owner in its then-existing condition. Operator shall be liable to the owner for any damage to the facilities or deferred maintenance due to the negligence of the Operator or breach of its duty to maintain the facilities.
- 3.4 Disposition of Materials, Equipment, Tools, and Supplies. At the termination of this Agreement, Operator shall give Owner the first right to purchase the movable fixtures, materials, equipment, tools, and supplies used by Operator in the operations and maintenance of the Leased Premises ("movable F & E") at a price to be agreed upon between Owner and Operator. Such option shall exclude any moveable F&E, that are included as Improvements for which a Rent Credit was taken by Operator as described in Exhibit C below. If Owner and Operator are unable to agree upon such price, then the price shall be the then value of such materials, equipment, tools and supplies as determined by a qualified appraiser selected by Owner and Operator. In the event an agreement cannot be reached as to selection of an appraiser, Owner and Operator shall each select an appraiser, and the two (2) chosen shall select a third. All three appraisers shall appraise the moveable F&E. The agreed upon opinion of two (2) of the three (3) appraisers shall be the price to be paid by Owner. The costs and expenses of any appraisers shall be divided equally between Operator and Owner.
- 3.5 Capital Improvement Funds Recovery. If the Agreement is terminated prior to the end of the Initial Term, the Operator shall be entitled to recover any owner-approved Capital Improvement funds invested which have not been recovered through Rent Credit at the time of Termination as indicated in section 11.2.

4. **Year Defined.** The term " Year" means each one-year period beginning on the Commencement Date and on each anniversary of the Commencement Date during the term of the Agreement.

5. **Rent.**

- 5.1 Rental Rate. In consideration of Owner executing this Agreement and granting the rights provided in this Agreement, Operator shall pay in advance to Owner at the address listed for Owner in Section 31.4 of this Agreement the sum of

\$9,000 per month ("Monthly Rent") for the initial term of the lease, less any agreed upon rent credits during the "Rent Credit Term"(first sixty (60) months of the Initial Term). After deduction of Rent Credits, the rent due shall not be less than \$4,208 ("Minimum Monthly Payment") during the remainder of the Rent Credit Term, the next sixty (60) months and the option period, rent shall be the full Monthly Rent, adjusted for CPI from Commencement Date until the beginning of the year in question (as described in section 5.2).

5.2 CPI Adjustment. On the sixth anniversary of the Commencement Date, the monthly rent shall increase as calculated below. The increase shall utilize the percentage change in the Consumer Price Index ("CPI"), All Items, for All Urban Consumers in the Los Angeles-Anaheim-Riverside Area, promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor on the Commencement Date to the same CPI as published for April 2029, the third month prior to the sixth anniversary of the Commencement Date. For each year thereafter, annually on the anniversary of the Commencement Date, the monthly rent shall be subject to automatic adjustments in proportion to the percentage change in the Consumer Price Index (CPI), based on a April to April calculation from the preceding year. In no event shall the annual adjustment to the Base Rent exceed 5 percent (5%) or be less than three percent (3%) in any adjustment period. The automatic adjustments shall be calculated by means of the following formula:

$$A = B \times (C/D)$$

A = Adjusted Rent

B = Base Rent

C = Monthly index for the month of April in which the rental rate adjustment is to become effective

D = Monthly index for the month of April of year prior.

For purposes of the CPI calculation on the sixth anniversary, D shall be the monthly index for June 2023. In the event that the CPI is not issued or published for the period for which such annual minimum rent is to be adjusted and computed hereunder, or in the event that the Bureau of Labor Statistics of the United States Department of Labor should cease to publish said index figures,

then any similar index published by any other branch or department of the United States Government, shall be used; and if none is so published, then another index generally recognized and authoritative shall be agreed upon by Owner and Operator. In the event that the index is not yet published for the month required to be calculated, the closest prior month available at time of calculation shall be used.

The total annual rent paid however, shall be modified to the extent that agreed upon Rent Credits, from qualified payments attributed to approved capital improvements are deducted from the Rent.

5.3 Rent Due. Rent is due the first of each month and payable within ten (10) days. A ten percent (10%) late fee of the rent due will be assessed and an invoice sent by the Owner if received after the tenth (10) business day.

Lease Year of Term	Rent
(a) Lease Years 1- 5 (Commencement Date to June 30, 2028)	The Rent Credit Term of sixty (60) months. Rent shall be \$9,000 less any agreed upon rent credits, however the rent shall not be less than a minimum rent of \$4,208 a month.
(b) Lease Years 6-10 (July 1, 2028 – June 30, 2033)	\$9,000 a month adjusted annually by CPI from Commencement date; adjusted for CPI on Anniversary Date
(c) Option Period- Lease Years 11-15 (July 1, 2033 – June 30, 2038)	\$9,000 a month plus CPI from Commencement date until year 11; adjusted annually for CPI for each year thereafter on Anniversary Date.

The Minimum Rent shall be paid in equal monthly installments, on the first day of each calendar month during the term of this Agreement.

5.4 Rent Credits. As a method to allow Operator to recoup the investment required to pay for capital improvements necessary to renovate and refurbish the property, during the Rent Credit Term a Rent Credit will be allowed against the Monthly Rent for those Capital Improvements identified in Exhibit C as follows:

- a) Calculation of Rent Credits. Each month, the Operator may apply a Rent Credit of up to four thousand seven hundred and ninety-two (\$4,792) dollars as determined by the amount or percentage of each project (approved by Owner) budgeted, contracted, and paid for Capital Improvements during the first five (5) years of the lease.
- b) Application of Rent Credits. Each month, the Operator may apply the Rent Credits to all rents due except for four thousand two hundred and eight dollars (\$4,208) Minimum Monthly Payment.
- c) Deposit of Rent Credits. During the Rent Credit Term, Monthly Rent paid to Owner over Minimum Monthly Payment shall be held by Owner in a Rent Credit Deposit Account.
- d) Withdrawal of Rent Credits. Owner shall reimburse Operator from the Rent Credit Deposit Account for all Owner approved Capital Improvements (Exhibit "C") after the submission by Operator of satisfactory documentation verifying the capital improvement expenditure. After initial investment of Capital Improvement projects approved by Owner, Operator and Owner may agree by side letter that the Minimum Monthly Payment due becomes the amount due each month in lieu of full payment of monthly rent payment with reimbursement of Rent Credit.
- e) Reconciliation of Rent Credits. Upon completion of the Capital Improvement projects or at the end of the Rent Credit Term there shall be a reconciliation of the Rent Credits given and the actual expenditures for the Capital Improvements. If the Rent Credits provided for in this Agreement exceeded from the actual cost of the Capital Improvements, the rent for the remainder of the Rent Credit Term shall be adjusted to reconcile the aforementioned variance. If at the time of the reconciliation the Rent Credit Term has expired, the rent for the remainder of the Initial Term of the lease shall be adjusted to reconcile the actual expenditure for the Capital Improvements.

6. **Maintenance and Examination of Records.**

Operator shall maintain, at its principal offices, its financial records pertaining to Capital Improvement (Section 12 herein) expenditures relating to the Premises during a period of four (4) years after the conclusion of any Lease Year. Further, all financial records pertaining to Capital Improvement expenditures at the Premises shall, upon at least three (3) business days' prior written request from Owner to Operator, be open and available to Owner or Owner's representative for an examination at all reasonable

times during business hours. Owner shall be entitled at any time within four (4) years after the conclusion of a Lease Year to question the sufficiency Capital Improvement expenditures as they relate to the agreed upon Rent Credits or the accuracy of the report furnished by Operator for that Lease Year.

7. **Audit.** The Owner reserves the right to designate its own employee representative(s) or its contracted representatives who shall have the right to audit the Facility Operator's accounting procedures and internal controls of the Operator's financial systems and to examine any cost, payment, claim, other records or supporting documentation resulting from any items right to a rent credit or offset arising under this Agreement. Any such audit(s) shall be undertaken by Owner or its representative(s) at reasonable times and in conformance with generally accepted auditing standards. Operator agrees to fully cooperate with such audit(s).

7.1 The right to audit shall extend during the length of this Agreement and for a period of four (4) years, or longer if required by law, following the date of final payment under the Agreement. Operator agrees to retain all necessary records/documentation for the entire length of this audit period.

7.2 Operator shall, each year, inventory all Capital Improvements. Ownership of all Capital Improvements shall become property of the Owner at Termination of the Lease. However, except as contemplated under section 3.4, furnishings and operating equipment shall remain property of the Operator. (Exhibit B).

7.3 The Operator will be notified in writing of any exception taken as a result of an audit. Any adjustments and/or payments which must be made as a result of any such audit or inspection of the Operator's invoices and/or records shall be made within thirty (30) days from presentation of Owner's findings to Operator. Operator can choose to pay Owner for any such exceptions or choose to refer the matter to an agreed upon neutral third party. In the event the neutral third party agrees with Owner, interest will be computed from the date of written notification of exception(s) to the date Operator reimburses the Owner for any exception(s), accruing monthly, at the maximum legal rate. If an audit inspection or examination in accordance with this section, discloses overcharges (of any nature) by the Operator to the Owner, as determined by a neutral third party, in excess of five percent (5%) of the value of that portion of the contract that was audited, the actual cost of the Owner's audit shall be reimbursed to the Owner by the Operator.

8. **Taxes and Permitting Fees**

- 8.1 Real Property Taxes. Operator shall pay directly to the appropriate taxing authorities, prior to delinquency (except in the case of contests of real estate taxes made in good faith), the actual Real Property Taxes (as defined below) assessed against the Premises which are attributable to the term of this Agreement. If any real estate taxes are assessed against the Premises which do not constitute Real Property Taxes required to be paid by Operator pursuant to the preceding sentence, then Owner shall pay such real estate taxes to Operator within thirty (30) days after notice from Operator, provided, however, Owner shall not be required to make such payment more than thirty (30) days before such real estate taxes are due and payable. If Owner fails to timely contribute its portion of real estate taxes on a timely basis, then at Operator's option, Operator may pay the full amount of real estate taxes assessed against the Premises, and thereafter Operator shall receive a credit against the Minimum Rent next payable under this Agreement equal to the portion of real estate taxes advanced by Operator on Owner's behalf. In the event Operator in good faith contests the amount of real property taxes assessed against the Premises, then, upon the final determination of the real property tax liability, Operator and Owner shall promptly pay their respective portion of the amount of real estate taxes owed.
- 8.2 Definition of Real Property Taxes. The term "Real Property Taxes" as used herein means any fee, license fee, commercial rental tax, assessment, penalty, or tax imposed by any taxing authority against the Premises. However, the term "Real Property Taxes" does not include any special assessment imposed against the Premises for improvements made in connection with any adjacent property owned by Owner or any affiliate of Owner, any tax imposed upon this transaction or based upon a reassessment of the Premises due to a change of ownership or other transfer of all or part of Owner's interest in the Premises or (if applicable) Owner's federal or state income, franchise, inheritance or estate taxes, all of which shall be paid by Owner.
- 8.3 Other Taxes. Operator shall pay all taxes, license fees or other governmental charges assessed or imposed on the Personal Property owned by Operator located on the Premises or upon the business operations of Operator conducted on the Premises, but Operator's responsibility pursuant to this Section shall not include any extraordinary charges or one-time assessments.

8.4 Permitting Fees. Operator is responsible for obtaining and paying all relevant permitting and approval fees, including but not limited to, construction, building, parking, and commercial fees, or other governmental charges and authorizations imposed on the Real Property and Premises or upon the business operations and maintenance of Operator conducted on the Premises, including, but not limited to, any extraordinary charges or one-time assessments.

9. **Utilities.** Operator shall pay, before delinquency, all charges for utilities, including water, electricity, gas, heating, cooling and telephone, used by Operator in Operator's operation of the Premises.

10. **Concessions.** Operator will be permitted to exclusively operate concession facilities in the Racquet Club for all events.

11. **Proration of Income and Expenses.** Except as specified in this section, and those circumstances of Eminent Domain in section 24, Operator shall not be entitled to any proration or reimbursement for any income, expenses, Improvements, Capital Improvements, or outstanding unpaid or unapplied Rent Credits.

11.1 As of the expiration, or earlier termination of this Agreement, Owner and Operator shall prorate the following items:

- a) Payment by Operator to Owner for all items of income relating to the operation of the Premises including, without limitation, membership dues, advance fee (frequency) cards, deposits for tournaments, deposits for other functions, deposits for meetings, gift certificates issued by Operator for merchandise in the pro shop which remain redeemable, and rain checks issued by Operator which remain redeemable.
- b) Payment by Owner to Operator of all outstanding Rent Credits. However, if Termination occurs due to cause or uncured default Operator shall not be entitled to such payment.

11.2 In the event of early termination of this Agreement by Owner, Owner shall pay to Operator the amortized cost of the Capital Improvements paid by Operator, less the amounts received in Rent Credits by Operator for Capital Improvements. The amortized cost shall be calculated by dividing the actual cost of the Capital Improvements divided by the ten years in the Initial Term, multiplied by the number of years remaining in the Initial Term, minus Rent Credits paid to date.

12. **Capital Improvements.** It is recognized by Owner and Operator that the Operator is required to fund, construct, and implement the Capital Improvements identified in and by the deadlines stated in Exhibit C. It is anticipated that during the first five (5) years of operations, additional revisions or changes may be made to the desired Capital Improvements. However, only such Capital Improvements, which are included in Exhibit C, or other Capital Improvements agreed upon by Owner and Operator in writing and amended to Exhibit C, are available for application to the Rent Credits in Section 5.4.

12.1 Obtaining the Complete Value of each Capital Improvement project. Owner and Operator agree that the anticipated total Capital Improvement value is five hundred seventy-five (\$575,000) dollars as reflected in Exhibit C. For each Capital Improvement project that the Operator undertakes, it must take reasonable steps to satisfy the full monetary value of the project and must provide documents supporting the entire cost and actual amount spent on each project. Owner and Operator agree that the Rent Credit allowed shall be fifty percent (50%) of the value of the Capital Improvements, or two hundred eighty-seven thousand, five hundred and 00/100 dollars (\$287,500.00). Proposals for additional projects not listed in Exhibit C are subject to notice and approval by the Owner. Projects listed in Exhibit C are subject to approval by the City Engineer and Building Division as described in 12.2.

12.2 Capital Improvements Generally. Except for those Improvements specifically identified in Exhibit C, and those items required to maintain the Premises, Operator shall have no right to construct alterations, additions, and improvements on the Premises without the approval of Owner. Operator shall submit plans, for approval, for any improvements and at the expense of Operator with no expectation of reimbursement. Owner shall have sixty (60) days, after Operator's submittal of plans, to begin process of approval. If Owner does not notify Operator of commencement of an approval process, within the sixty (60) days, Owner shall have been deemed to give consent to the submitted Improvement plans. Such approval is limited to conceptual improvement process. Owner shall use best efforts to expedite review and approval of plans through building permit review, upon notification by Operator to Community Services Director, City of South Pasadena, 1102 Oxley Street, South Pasadena,

California 91030 , Attention: Sheila Pautsch; and Office of the City Manager, 1414 Mission Street, South Pasadena, California 91030, Attention: City Manager.

- 12.3 Costs of Construction and Alterations. Operator shall pay all costs for construction or improvements done by it or caused to be done by it on the Premises and shall keep the Premises free and clear of all mechanic's liens resulting from construction done by or for the Operator. Owner shall not be required or obligated to make any changes, alterations, additions, improvements, or repairs in or about the premises or any improvements located thereon or any part thereof during the term. With prior written approval by the City Council, Operator may allocate unused funds for completed projects in Exhibit C towards other projects.
- 12.4 Ownership of Improvements No Liens. During the Agreement term, all Improvements shall be the property of Operator. All Improvements shall become the property of Owner upon the expiration or sooner termination of this Agreement unless otherwise agreed by Owner in writing. Operator shall not have the right to create or permit the creation of any lien attaching to Owner's interest in the Premises as a result of any construction of any Improvements.
- 12.5 Prevailing Wage (California Prevailing Wage Law). Operator is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000.00 or more, Operator agrees to fully comply with such Prevailing Wage Laws. Operator shall defend, indemnify, and hold the Owner, its elected officials, officers, employees, and agents free and harmless from any claim or liability arising out of any failure or alleged failure to comply with the Prevailing Wage Laws. Operator shall coordinate with the Public Works division regarding notice of projects with the Department of Industrial Relations.
- 12.6 Exception to Operator Funding of Capital Improvement(s). In regard to repairs to be done to Courts three (3) and four (4) of the Racquet Club facility, Operator shall fund up to two hundred thousand (\$200,000) dollars of the necessary repairs. Repair method shall be approved by City Engineer prior to engaging in

construction. Design and engineering costs related to such repairs shall not be compensable as Rent Credit. Should the amount of the repairs exceed the amount Operator will cover, the Owner will be responsible for covering the costs to complete the repairs up to another two hundred thousand (\$200,000) dollars. If the amount of repairs exceeds four hundred thousand (\$400,000) dollars and both the Owner and Operator have paid their respective obligations amounts as stated herein in full, then Owner shall have no further obligation to contribute any further amounts to ensure the usability of the courts. Courts 3 and 4 may be removed from service if such are unable to be played upon due to subsidence. Under such circumstance after such repairs have been made, rent shall be adjusted on a proportional basis (i.e., 9/10 or 8/10 courts available). Parties shall use best efforts to consider alternative uses for such areas.

13. **Maintenance and Repairs.** Except as otherwise provided in this Agreement, Operator shall, at its sole cost and expenses, maintain the Premises, in first class condition with a high standard of cleanliness, including the immediate removal of inoperable vehicles. Operator is responsible for the structural integrity and electrical system issues at the Premises to the extent required for Operator to continue to use the Premises for its intended purposes. Operator shall preserve the facility in the same condition as when received on the Commencement Date with subsequent improvements, normal wear and tear excepted. Operator shall perform all repairs necessary to the facility all improvements, fixtures, furniture, furnishings, and equipment situated therein or used in connection therewith, in such condition. All repairs and maintenance of a value over \$1,000 must be approved by the Owner prior to Operator starting projects.

13.1 As-Is Condition. Operator agrees that it is accepting the Premises “as is” without any representation or warranty by Owner, or Owner’s officers, employees, or agents, express, implied or statutory, except as expressly provided herein, as to: (i) the nature and condition of the Premises and (ii) the Premises’ fitness for Operator’s intended use of same. Operator is, or prior to their use of the Premises, will be familiar with the Premises, including its interior and exterior structural integrity. Operator is relying solely upon its own independent inspection, investigation, and analysis of the Premises as it deems necessary or appropriate. Operator shall be responsible for any repair or maintenance to the

Premises necessary to allow use of the Premises due to any deficiency in the current or future state of the Premises during the term of the Lease.

13.2 Inspections. Owner, through its duly authorized representatives, may enter upon the Racquet Club property at all reasonable times for the purpose of inspecting and all of said property and the improvements and facilities thereon. After such inspections, the Owner shall give written notice to Operator by mail or personal delivery of the necessary repairs or changes. Operator shall commence the necessary repairs or changes within ten (10) days following receipt of any written notice or such longer time as may be specified herein and completed such undertaking as soon as practicable, provides, however, any items deemed an emergency shall be completed promptly by Operator upon notification. Operator shall have the benefit of any warranties available to the Owner with respect to the Racquet Club or any component thereof.

13.3 Maintenance of Trees and Shrubbery on the Premises. Operator must maintain the trees and shrubbery located on the Premises in a first-class condition and with a high standard of cleanliness in accordance with standards prescribed with the rest of the Racquet Club facility (Section 13 herein). Operator agrees to indemnify, defend, and hold harmless Owner for any liabilities or expenses incurred from the maintenance of the trees and shrubbery. Owner shall be responsible for the maintenance of trees, shrubbery and planters along Lohman Lane in the parking area.

13.4 Responsibility for Adjacent Trail. Owner will be responsible for liabilities or expenses incurred on the Rim of the Valley Trail, except the Operator agrees to indemnify, defend, and hold harmless Owner for any liabilities or expenses incurred from damages sustained along the trail abutting the Premises and the streets that are a reasonably foreseeable result of or as a result of the Operator's negligence stemming from the use, control, and operation of the Racquet Club facility, equipment, and visitors.

14. **Parking Lot Use.** Operator has a non-exclusive right for patrons to use the parking areas in front and to the south of the Premises. Owner retains the right to restrict the use of the parking lot to the south of the Premises for City-sponsored or

City-approved uses including, but not limited to events hosted by other facilities in and around Arroyo Seco Park. Operator may not store inoperable vehicle in parking areas.

15. **Owner's Cooperation.** Owner recognizes and acknowledges that Operator will need the assistance and cooperation of Owner in order to properly perform and fulfill Operator's covenants and obligations under this Agreement. Therefore, Owner agrees it shall execute such documents and do such further acts and things as Operator reasonably requests in order to assist Operator in fulfilling its obligations under this Agreement. Owner further designates the Community Services Director to work with Operator in assuring that Operator obtains the full cooperation and assistance of Owner, subject to the terms of this Agreement and all applicable laws. This provision does not affect the City's ability to exercise its future police powers or discretion in any way.

16. **Personnel.** During regular business hours the Operator must have at least one (1) staff member on-site at all times. Operator shall maintain adequate and proper instructors for its instruction and concession operations and must closely supervise all employees and contractors to ensure a high standard of service. All instructors and employees working at the Racquet Club must be Live Scan fingerprinted and cleared through Department of Justice background check prior to commencing employment. The Operator shall be responsible for all reports and obligations with respect to such personnel, including but not limited to social security taxes, income tax withholding, unemployment insurance, and workers compensation insurance.

17. **Operations.** Operator at its own cost and expense shall operate and manage the Racquet Club in a professional manner, generally including memberships, court rentals, tennis instruction, tennis leagues, tournaments, players' lounge, pro shop and beverage operation and Racquet Club marketing program.

17.1 Minimum Services. Operator shall provide the following minimum services:

- a) Provide overall program and facility oversight and operation.
- b) Provide services that are affordable to the community.
- c) Enforce all City rules and regulations.
- d) Regulate play and conduct of players and spectators.
- e) Supervise Racquet Club, preserve order and provide for security of the Club, and prevent damage to the facility by players and others.

- f) Inspect and provide general maintenance and upkeep of the Racquet Club (which includes the building, grounds, and the courts).
- g) Develop and implement outreach and marketing, through promotional events and advertising effort.
- h) Host at least two city events a year and provide support for community fundraising events for outreach at the request of Owner.
- i) Operate, manage, and supervise the pro shop which includes, but is not limited to, tennis racquet repair, maintaining selling and renting a stock of merchandise, supplies and equipment to meet customers demand and suitable for use at the facility.
- j) Provide for the use of the players' lounge/patio, including potential food service or catering as permitted by the County of Los Angeles Health Department.
- k) Operate recreational and competitive tennis programs such as singles and doubles nights, recreation and competitive programs, gender or age specific tennis activities, instructional clinics, special events, and academics. The Operator will also be responsible for recruitment of instructors, marketing of classes, administration of classes and scheduling of recreation classes and lessons at the Racquet Club.
- l) Focus on service delivery to residents of South Pasadena especially low-income families.
- m) Demonstrate administrative capabilities and experience to support the programs offered and provide data collection, tracking, ongoing evaluation, and reporting.
- n) Provide a high quality of cleanliness for the Racquet Club at all times, which includes the grounds, restrooms, patio, lounge, pro shop, furnishing and fixtures, offices etc.
- o) Subject to Owner approval, obtain user satisfaction surveys or evaluations by Racquet Club customers, to develop information for the Parties' use in tailoring the facility and operations to increase customer satisfaction.
- p) Maintain fencing around perimeter of the Premises.

17.2 Marketing. Operator shall have the responsibility to promote, publicize and market the Racquet Club so as to attract events to optimize public awareness and attendance at the Racquet Club. The Racquet Club will service both City and County residents, and the marketing shall be directed at both. Operator shall bear all marketing and promotional expenses.

17.3 Incident Reporting. Operator shall develop a written incident report form for reporting of any injury, death, damage, harm, sexual assault, or theft occurring on the Premises incidents for use by all employees. Within twenty-four hours (24-hours) of Operator becoming aware of any incident, Operator shall submit such written report of such incident to the City representative. Such reporting form shall be developed and approved by Owner Representative prior to the application of any Rent Credit.

18. **Insurance.**

18.1 Insurance Coverage. Operator shall obtain, pay for, and maintain, at Operator's sole cost and expense, the following types of insurance coverage relating to the Premises and Operator's operations of the Premises at all times throughout the term of this Agreement:

- a) Liability Insurance. A policy or policies of comprehensive general liability insurance, with coverage of not less than one million dollars (\$1,000,000) each occurrence, with an aggregate of two million dollars (\$2,000,000) for bodily injury and property damage. Owner shall be named as an additional named insured on such policy.
- b) Worker's Compensation. A policy or policies of worker's compensation insurance in compliance with applicable California law.
- c) Casualty Insurance. A standard form policy or policies of property, fire and extended coverage casualty insurance on the Premises, including the clubhouse and related buildings with coverage limits not less than the full replacement cost of the Premises. Operator shall also maintain insurance coverage on, or otherwise assume financial liability for, the Personal Property and the furnishings and equipment owned by Operator.
- d) Sexual abuse or molestation. A policy or policies with coverage of not less than one million dollars (\$1,000,000) each occurrence, with an aggregate of two million dollars (\$2,000,000) for sexual abuse or molestation to any one person.

18.2 General Provisions. Operator shall make diligent efforts to assure that the policies of insurance to be maintained by it shall not be subject to cancellation except upon at least ten (10) days' written notice to City. If any policy is cancelled, Operator shall immediately cease operations at the Premises until such insurance coverage is restored. Any subcontractor of Operator allowed by City shall be required to hold all insurance and abide by all provisions of this section

17. At City's request, Operator shall submit to City a certificate of coverage and proof of payment of premiums. Any insurance required to be carried under this Agreement may be included as part of any blanket or other policy or policies of insurance, subject to the provisions of this Agreement. All policies shall name or contain an endorsement naming the City of South Pasadena and its officers, agents, employees, and representatives (collectively, "CITY AND ITS REPRESENTATIVES") as additional insureds. Coverage afforded to City and its representatives shall be at least as broad as that afforded to Operator. The liability insurance must include all major divisions of coverage and must cover: (A) Premises Operations (including Explosion, Collapse, and Underground ["X,C,U"] coverages as applicable); (B) Independent Contractors' Protective Liability; (C) Products and Completed Operations (maintain same limits as above until five (5) years after: recordation of the Notice of Completion or final closeout of the Agreement); (D) Personal and Advertising Injury (with Employer's Liability Exclusion deleted); (E) Contractual Liability; (F) Broad Form Property Damage; and (G) Sexual Abuse or Molestation Liability (including coverage for: (i) physical, emotional, psychological injury or harm of a person; and (ii) negligent employment, supervision, investigation, reporting or failing to report to proper authorities, or retention of an employee, agent, representative, volunteer, Subcontractor, or person whose actual, alleged, attempted, or threatened behavior, conduct, or verbal or nonverbal communication— whether or not intentional— results in physical, emotional, psychological injury or harm of a person or persons).

18.3 Certificate of Insurance. Operator shall provide CITY with a "certificate of insurance," an "additional insured endorsement," and a subrogation endorsement, "Waiver of Transfer to Rights of Recovery Against Others" — on forms satisfactory to the City Attorney or City's Risk Manager, and signed by the insurance carrier or its authorized representative— which fully meet the requirements of, and contain provisions entirely consistent with, all of the Insurance Requirements. The "certificate of insurance" and an "additional insured endorsement" must state: "The City of South Pasadena, and its officers, agents, employees, and representatives are included as additional insureds under the policy(s). This insurance is primary to all other insurance or risk coverage of the City. The City's insurance or self-insurance, or risk pool coverage, will apply

in excess of— and will not contribute with— this insurance. This insurance applies separately to each insured or additional insured who is seeking coverage, or against whom a claim is made or a suit is brought. The issuing company shall mail thirty (30) days advance notice to the City for any policy cancellation, termination, non-renewal, or reduction in coverage.”

- 18.4 Business Automobile Insurance. At its own expense, Operator shall obtain, pay for, and maintain— and shall require each of its Subcontractors to obtain and maintain— a “Business Automobile” insurance policy on an occurrence basis to fully protect Operator and City from claims and suits for bodily injury, property damage, and medical payments. The policy must add the City of South Pasadena and its officers, agents, employees, and representatives as additional insureds. The insurance must not be written for less than the limits of liability specified below or required by law, whichever coverage amount is greater: (A) one million dollars (\$1,000,000) per occurrence for bodily injury (including accidental death) to any one person; and (B) one million dollars (\$1,000,000) per occurrence for property damage; or (C) two million dollars (\$2,000,000) combined single limit (“CSL”). The liability insurance must include all major divisions of coverage and must cover all vehicles, whether rented, leased, hired, scheduled, owned or non-owned. Operator shall provide City with a “certificate of insurance” and an “additional insured endorsement” — on forms satisfactory to the City Attorney or City’s Risk Manager, and signed by the insurance carrier or its authorized representative— which fully meet the requirements of, and contain provisions entirely consistent with, all of the Insurance Requirements. The “certificate of insurance” and an “additional insured endorsement” must state: “The City of South Pasadena, and its officers, agents, employees, and representatives are included as additional insureds under the policy(s). This insurance is primary to all other insurance of the City. The City’s insurance, or self-insurance, or both, will apply in excess of— and will not contribute with— this insurance. This insurance applies separately to each insured or additional insured who is seeking coverage, or against whom a claim is made or a suit is brought. The issuing company shall mail thirty (30) days advance notice to City for any policy cancellation, termination, non-renewal, or reduction in coverage.”

19. **Defense, Indemnification and Hold Harmless.**

- 19.1 Operator shall, at its sole cost and expense, indemnify, defend, and hold harmless the City, its elected officials, officers, agents, employees, and volunteers and those agents of City serving as independent contractors in the role of City officers from all liability, demands, claims, costs, losses, damages, suits, actions, settlements and expenses of every name, kind, and description (collectively, "Claims"), including attorney fees, costs, interest, penalties, expert witness fees, directly or indirectly arising from injuries to or death of any person or damage to property of the City, Operator or others whomsoever, including Claims arising from or connected with the willful misconduct, negligent acts, errors or omissions, the Operator or any person directly or indirectly employed by or acting as agent for the Operator in the performance of this Agreement, or Operator's failure to comply with its obligations set forth in this Agreement, including the concurrent or successive active or passive negligence of the City, its officers, agents, employees or volunteers, except for claims arising from the sole negligence or willful misconduct of City. Operator shall promptly pay any judgment rendered against Operator or City covering Claims. If City is made a party to any suit or action filed or prosecuted against Operator for such claims, Operator shall pay City any and all costs and expenses incurred by City in such suits or actions, together with attorneys' fees.
- 19.2 It is understood that the duty of Operator to indemnify and hold harmless the City includes the duty to defend as set forth in Section 2778 of the California Civil Code. Operator shall defend any action or actions filed in connection with a claim with counsel of City's choice and pay all costs and expenses, including attorneys' fees incurred by the City in connection therewith.
- 19.3 Acceptance of insurance certificates and endorsements required under this Agreement does not relieve the Operator from liability under this indemnification and hold harmless clause. This indemnification and hold harmless clause shall apply whether or not such insurance policies shall have been determined to be applicable to any of such damages or claims for damages and shall survive the expiration or termination of this Agreement.

20. **Damage and Restoration.**

- 20.1 Total Destruction. If the buildings or other improvements on the Premises, or the Personal Property leased under this Agreement, should be totally destroyed (i.e.,

damage in excess of partial destruction as defined in Section 18.2) by fire or other casualty or a force majeure occurrence, Operator shall have the option, to be exercised in writing within sixty (60) days of such destruction, to either (a) terminate this Agreement in which event the parties shall have no further obligations hereunder, or (b) elect to repair and restore the Premises and thereafter diligently pursue such restoration to completion.

20.2 Partial Destruction. If the buildings or other improvements on the Premises or the Personal Property leased under this Agreement should be partially damaged by fire or other casualty or a force majeure event, then Operator shall, subject to the availability of insurance proceeds (it being understood and acknowledged that Operator shall have no obligation to repair or restore any portion of the Premises if insurance proceeds are not available to fully restore the same), restore the buildings, improvements and Personal Property in a good and workmanlike manner to a condition as good as or better than the condition in which the buildings, improvements and Personal Property existed prior to their damage or destruction. For purposes of this Agreement, the term "partially damaged" means (a) damage to the extent of one third or less of the value of the buildings, improvements, and Personal Property at the Premises or (b) damage to the extent that no more than half of the tennis courts at the Premises are rendered unplayable. If the insurance proceeds made available to Operator are not sufficient to fully restore the Premises, then Operator may terminate this Agreement upon written notice to Owner in which event the parties shall have no further liability hereunder. In addition, notwithstanding anything in this Section 18.2 to the contrary, if, as a result of the partial destruction of the Premises, Operator is unable to make full and productive economic use of the Premises and, in Operator's reasonable determination, the full and complete restoration of the Premises will take in excess of one hundred eighty (180) days, then Operator may, upon written notice to Owner within sixty (60) days after the partial destruction occurs, terminate this Agreement, in which event the parties shall have no further obligations hereunder.

20.3 Damage during the Last Two Years of the Agreement Term. Notwithstanding the provisions of Section 18.2 to the contrary, if during the last two years of the term of this Agreement, the buildings or other improvements on the Premises, or the Personal Property leased under this Agreement is damaged to the extent often

percent (10%) of the value of the buildings, improvements and Personal Property at the Premises or more, then Operator shall have the option, to be exercised within thirty (30) days of such damage or destruction, to either (a) terminate this Agreement in which event the parties shall have no further obligations hereunder or (b) elect to repair and restore the Premises in accordance with the provisions of Section I 8.2 above.

21. **Rental Abatement and Term Extension.** If Operator is unable to make full and productive economic use of the Premises during repair, reconstruction, or replacement as provided for in this Section, Operator's rental obligations under Article 5 shall be abated until such time as Operator is again fully able to do so.

22. **Application of Insurance Proceeds Upon Termination.** If, after the partial or total destruction of the Premises, this Agreement is terminated pursuant to the provisions of this Article 21, then all insurance proceeds made available on account of such destruction shall first be paid to Operator to reimburse Operator for the value of any and all improvements made to the Premises by Operator prior to such destruction until such time as Operator has received full reimbursement for all such improvements, less any rent credits received, and for the value of any personal property at the Premises owned by Operator; second, to Owner until such time as Owner has received full reimbursement for the value of the improvements at the Premises which existed as of the first day of the Initial Term and the balance, if any, shall be paid to Operator.

23. **Termination by City.**

23.1 This Agreement may be terminated by the City upon the occurrence of any of the following events:

- a) Any material breach of the Agreement by Operator which remains uncured for a period of 45 days after written notice from the City;
- b) Upon one (1) year's written notice to Operator of intent to terminate;
- c) The total or partial destruction of the facility or any event which renders the facility unusable pursuant the provisions of section 19 and 20; or,
- d) At the City's sole discretion upon sending written notice of termination for cause to Operator after the City has sent to Operator three or more notices of Operator's material breach within any twelve (12) month period .

23.2 In the event of termination of this Agreement by the City pursuant to section 22.1. a), c), or d), Operator waives any right to compensation from the City for

the value of Operator's license, the unexpired term of this License Agreement, any Improvements, unpaid Rent Credits, loss of business goodwill, Fixtures and Equipment, and the City's payment of relocation benefits under Government Code section 7260, et seq., if any.

23.3 In the event of termination of this Agreement by the City pursuant to section 22.1. b), Operator shall be entitled to compensation for any unpaid Rent Credits, the amortized value as indicated in section 11.2 of Capital Improvements, and Fixtures and Equipment. Operator however waives any right to compensation from the City for the value of Operator's license, the unexpired term of this License Agreement, any Improvements, loss of business goodwill, and the City's payment of relocation benefits under Government Code section 7260, et seq., if any.

24. **Termination by Operator.** This Agreement may be terminated by Operator with one (1) year written notice to City.

25. **Eminent Domain**

If the entire Premises, or so much thereof as to render the balance thereof not reasonably usable for the conduct of Operator's business, shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, either party hereto may, by serving written notice upon the other party hereto within thirty (30) days thereafter, immediately terminate this Agreement. If any substantial part of the Project excluding the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Owner may so terminate this Agreement. In either of such events, Owner shall receive (and Operator shall assign to Owner upon demand by Owner) any income, rent, award, bonus value, compensation or any interest therein which may be paid in connection therewith, and Operator shall have no claim against Owner for any part of any sum so paid, whether or not attributable to the value of the unexpired term of this Agreement; provided, however, that nothing herein shall prevent Operator from pursuing a separate claim against the condemnor for compensation for the taking of Operator's removable tangible personal property placed in the Premises solely at Operator's expense, for Operator's relocation benefits, and for loss of business goodwill. If a part of the Premises shall be so taken, appropriated or conveyed and neither party hereto shall elect to so terminate this Agreement, (i) Base Rent and Additional payable hereunder shall be abated in the proportion that the

rentable area of the portion of the Premises to taken, appropriated or conveyed bears to the rentable area of the entire Premises, and (ii) if the Premises shall have been damaged as a consequence of such partial taking, appropriation or conveyance, Owner shall, to the extent of any severance damages received by Owner, restore the Premises continuing under this Agreement; provided, however, that Owner shall not be required to repair or restore any damage to the property of Operator or to make any repairs to or restoration of any alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Operator, and Operator shall pay any amount in excess of such severance damages required to complete such repairs or restoration.

Notwithstanding anything to the contrary contained in this Section, if the temporary use of occupancy of any part of the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof during the term of this Agreement, this Agreement shall be and remain unaffected by such taking, appropriation or conveyance and Operator shall continue to pay in full all rent payable hereunder by Operator during the term of this Agreement, and Owner shall be entitled to receive the balance of such award. To the extent that it is inconsistent with the above, each party hereto hereby waives the provisions of Section 1265.130 of the California Code of Civil Procedure allowing either party to petition a court to terminate this Agreement in the event of a partial taking of the Premises.

26. **Representations Warranties and Covenants.**

26.1 **Power and Authority.** Owner hereby represents and warrants that it has the requisite right, power, legal capacity, and authority to enter into this Agreement and to fully perform each and all of its obligations under this Agreement.

Operator hereby represents and warrants that it has the requisite right, power, legal capacity, and authority to enter into this Agreement and to fully perform each and all of its obligations under this Agreement.

26.2 **No Conflict.** Owner represents and warrants that neither this Agreement nor the consummation of the transactions contemplated by this Agreement will result in a breach of or constitute a default under any other agreement, commitment or obligation to which Owner or the Premises is bound, nor will it violate any law, rule, regulation, restriction, judicial or administrative order, judgment, or decree applicable to Owner or the Premises. Operator represents and warrants that neither this Agreement nor the consummation of the transactions contemplated by this Agreement will result in a breach of or constitute a default under any

other agreement, commitment or obligation to which Operator is bound, nor will it violate any law, rule, regulation, restriction, judicial or administrative order, judgment, or decree applicable to Operator.

26.3 Encumbrances. Owner shall not (a) grant any easements, rights of way, licenses or other similar rights, (b) convey to the public or dedicate to the public all or any portion of the Premises, or (c) consent to the Premises being included as part of an assessment district, or (d) encumber, lien or mortgage its fee interest in the Premises, in each case without obtaining Operator's prior written consent, which consent shall be granted or withheld in Operator's sole discretion.

27. **Frustration of Purpose.** At any time during the term of this Agreement, (i) if the governing body of any political subdivision having competent jurisdiction over the Premises should enact any valid zoning or other ordinance, law or regulation (collectively, "Use Law") which prohibits the use of the whole or a substantial part of the Premises for the purposes as provided in Section 2.1 of this Agreement; (ii) if an event of force majeure (collectively, "Force Majeure Event") occurs, including without limitation, declared or undeclared war, sabotage, riot or other acts of civil disobedience, acts or omissions of government, labor disputes, shortages of fuel or other materials, accidents, fires, explosions, floods, earthquakes, or other acts of God, which substantially prevents Operator's use of the Premises as provided for in Section 2.1 of this Agreement; or (iii) if Facilities become unavailable or inadequate so as to substantially interfere with Operator's use of the Premises as provided in Section 2.1 of this Agreement, it is agreed that Operator may elect, within one hundred twenty (120) days after the effective date of such Use Law or the occurrence of the Force Majeure Event, or the date Facilities become unavailable or inadequate, to cancel this Agreement and surrender possession of the Premises. Any such cancellation and surrender shall act to release and discharge Operator from any further obligation under this Agreement. In addition, it is agreed that during the period of any Force Majeure Event; during the period that Facilities are unavailable or inadequate; and/or during any period that any defect in the Premises substantially interferes with Operator's use of the Premises as provided in Section 2.1 of this Agreement, Owner and Operator shall

be excused from performing their respective obligations under this Agreement whether Operator exercises its right to terminate as provided herein.

28. **Assignment.** Except as otherwise provided below, Operator shall not assign this Agreement or sublet all or any part of the Premises without the prior written consent of Owner, which consent shall not be unreasonably withheld or delayed. Operator shall notify Owner of any proposed assignment or subletting at least sixty (60) days prior to the proposed effective date of such assignment or subletting. Owner's consent shall be required for any assignment or sublease of all or any portion of Operator's interest in this Agreement to any limited liability company or other entity which controls, is controlled by or is under common control with Operator or any individuals or entity which directly or indirectly owns an interest in Operator ("Operator's Affiliate"). Such assignment of interest to Operators Affiliate shall not unreasonably be withheld or delayed.

29. **Breach and Remedies.** The following conditions will constitute a breach of this Agreement and a default thereunder:

29.1 Conditions of Default.

- a) If Operator fails to pay rent or fulfill any other monetary obligation of Operator to Owner, and Operator fails to cure such monetary default within thirty (30) days after written notice from Owner to Operator of such monetary default.
- b) If either party fails to fulfill any of its other non-monetary obligations under this Agreement when due or called for, and the party in default fails to cure such non-monetary default within sixty (60) days after written notice from the non-defaulting party of such non-monetary default; provided, however, that if the nature of the non-monetary default is of a nature such that it cannot be fully cured within that sixty (60) day period, the party in default shall have such additional time as is reasonably necessary to cure the default so long as the party in default is proceeding diligently to complete the necessary cure after service of notice by the non-defaulting party.
- c) If the Operator fails to complete the required Capital Improvements listed in Exhibit "C" attached hereto within the Rent Credit Term (60 months) or any extension thereof, agreed to writing by the parties.

29.2 Remedies.

- a) If any of the conditions identified in Section 28 above should occur and the party in default does not cure the default, the non-defaulting party may elect to terminate this Agreement immediately and seek all remedies as provided under law and equity.
- b) If either party at any time by reason of the other party's default pays any sum or does any act that requires payment of any sum, the sum paid by the non-defaulting party shall be immediately due and owing by the defaulting party to the non-defaulting party at the time the sum is paid, and if paid at a later date shall bear interest at the rate of ten percent (10%) per annum from the date the sum is paid by the non-defaulting party until the non-defaulting party is reimbursed by the defaulting party.
- c) If either Owner or Operator should bring an action in a court of law to enforce any of its rights or remedies under this Agreement, both parties agree that the prevailing party in any such litigation shall be entitled to a recovery of reasonable attorneys' fees and costs incurred by way of such action.

30. **Business Name.** Operator shall at all times conduct its operations of the Racquet Club exclusively under the name(s) "Arroyo Seco Racquet Club" or "Arroyo Seco Racquet & Fitness Club". Operator shall not rename the facility without prior written consent of the Owner, which consent shall not be unreasonably withheld.

31. **Quiet Enjoyment.** Subject only to the terms of this Agreement, so long as Operator complies with its obligations under this Agreement, Owner shall secure to Operator the quiet and peaceful enjoyment of the Premises and the sole and exclusive possession of the Premises without objection or interference from Owner or any party claiming under Owner.

32. **General Provisions.**

32.1 Entire Agreement. This Agreement contains all the agreements of the parties with respect to the matters covered by this Agreement, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Agreement. The provisions of this Agreement shall not be amended or altered except by an agreement in writing signed by both of the parties.

- 32.2 Waiver. This Agreement contains all the agreements of the parties with respect to the matters covered by this Agreement, and no prior agreements, oral or written, or understandings or representations of any nature whatsoever pertaining to any such matters shall be effective for any purpose unless expressly incorporated in the provisions of this Agreement. The provisions of this Agreement shall not be amended or altered except by an agreement in writing signed by both of the parties.
- 32.3 Brokers. Owner and Operator represent to each other that they are not obligated to any broker or finders in connection with this Agreement, and each party agrees to defend, indemnify, and hold the other harmless from any claim, suit or demand made upon the other by any person, firm or corporation for brokerage fees or commissions or other similar compensation with respect to this Agreement arising out of any act or agreement of the indemnifying party.
- 32.4 Notices and Addresses. All notices, demands, requests or replies provided for or permitted by this Agreement shall be in writing and may be delivered by any one of the following methods: (1) by personal delivery with receipt acknowledged in writing (2) by deposit with the United States Postal Service as certified or registered mail, return receipt requested, postage prepaid to the addresses stated below; (3) by deposit with an overnight express delivery service with receipt acknowledged in writing; or (4) via email. Notice deposited with the United States Postal Service in the manner described above shall be deemed effective three (3) business days after deposit with the Postal Service. Notice by overnight express delivery service and email shall be deemed effective one (1) business day after deposit with the express delivery service. Notice by personal delivery shall be deemed effective at the time of personal delivery.

For purposes of notice, demand, request, reply or payment, the address of Owner shall be:

Community Services Director
City of South Pasadena
1102 Oxley Street
South Pasadena, California 91030
Attention: Sheila Pautsch

The address of Operator shall be:

iTennis, John Letts
920 Lohman Lane
South Pasadena, CA 91030

Each party shall have the right to designate a different address within the United States of America by the giving of notice in conformity with this Article. Each party shall provide notice to the other of a valid current email address in conformity with this Article.

32.5 Governing Law: Partial Invalidity. This Agreement and the rights and liabilities of the parties to the Agreement shall be governed by the laws of the State of California. If any term or provision of this Agreement or application of the Agreement to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected by such invalidity or unenforceability, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

32.6 Leasehold Mortgages. Operator shall have the right, at any time, to subject all or a portion of Operator's leasehold interest under this Agreement to one or more mortgages, deeds of trust or like instruments ("Leasehold Mortgages"), with Owner's consent, which consent shall not be unreasonably withheld or delayed. At Operator's request, Owner shall, at the time Owner gives any notice, demand, or other communication to Operator under this Agreement, give a copy of such notice, demand, or other communication to each leasehold mortgagee under a Leasehold Mortgage at any address which has been previously designated by such leasehold mortgagee by written notice to Owner. Owner shall reasonably cooperate with Operator in connection with Operator's efforts to obtain one or more Leasehold Mortgages and shall, among other things, execute such documents as are usual and customary in connection with the granting of a Leasehold Mortgage such as documents allowing the leasehold mortgagee to cure defaults by Operator and documents defining the relationship between a

leasehold mortgagee and Owner after the foreclosure of a Leasehold Mortgage.

- 32.7 Holding Over. If Operator does not vacate the Premises upon the expiration or earlier termination of the Agreement, Operator's occupancy of the Premises shall be a "month-to-month" tenancy, subject to all the terms of this Agreement applicable to a month- to-month tenancy.
- 32.8 Estoppel Certificates. Upon Owner's or Operator's written request, the other party shall execute, acknowledge and deliver to the requesting party, a written statement certifying: (a) that none of the terms or provisions of this Agreement have changed (or if they have been changed, stating how they have been changed); (b) that this Agreement has not been cancelled or terminated; (c) the last date of payment of the Minimum Rent and other charges and the time period covered by such payments; and (d) that the other party is not, to the best of the certifying party's knowledge, in default under this Agreement (or, if the other party is claimed to be in default, stating why). Such party shall deliver such statement to the requesting party within ten (10) days after the requesting party's request. Any such statement may be given by the requesting party to any prospective purchaser or encumbrancer of Owner or Operator's interest in this Agreement.
- 32.9 Captions. Captions in this Agreement are included for convenience only and are not to be taken into consideration in any construction or interpretation of this Agreement or any of its provisions.
- 32.10 Exhibits. The Exhibits referred to below and attached to this Agreement are incorporated herein as if set forth in full:
- a) Exhibit "A" - Depiction of Premises
 - b) Exhibit "B" - Operator Owned Furnishing and Operating Equipment
 - c) Exhibit "C" - Required Capital Improvement and Timeline
- 32.11 Further Assurances. Owner and Operator agree that at any time or from time-to-time after the execution of this Agreement, they shall, upon request of the other, execute and deliver such further documents and do such further acts and things as may be reasonable requested in order to fully effect the purpose of this Agreement.
- 32.12 No Joint Venture. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party as creating the relationship of principal and agent, a partnership or joint ventures between Owner and

Operator. It is understood and agreed that neither any provisions contained in this Agreement, nor any acts of Owner or Operator shall be deemed to create any relationship between Owner and Operator other than the relationship of landlord and tenant.

32.13 No Interpretation Against Draftsman. Owner and Operator hereby agree that no provision of this Agreement shall be construed against either Operator or Owner on the basis that the provision was drafted by such party or such party's counsel.

IN WITNESS WHEREOF, this Agreement has been executed as of the date first set forth above.

“OPERATOR”, iTennis, Inc.

Dated 6-6-2023



John Iretts, President

“OWNER”, City of South Pasadena

Dated _____

Arminé Chaparyan
City Manager

Attest

City Clerk

Exhibit A

Description of the Premises

The Racquet Club encompasses all of the area within the fenced area shown by the heavy line below on A.1. The Real Property includes the Racquet Club and all buildings, fixtures and other improvements located on said land and all easements, covenants and other appurtenant rights presently located or that may be constructed or modified as part of this agreement.

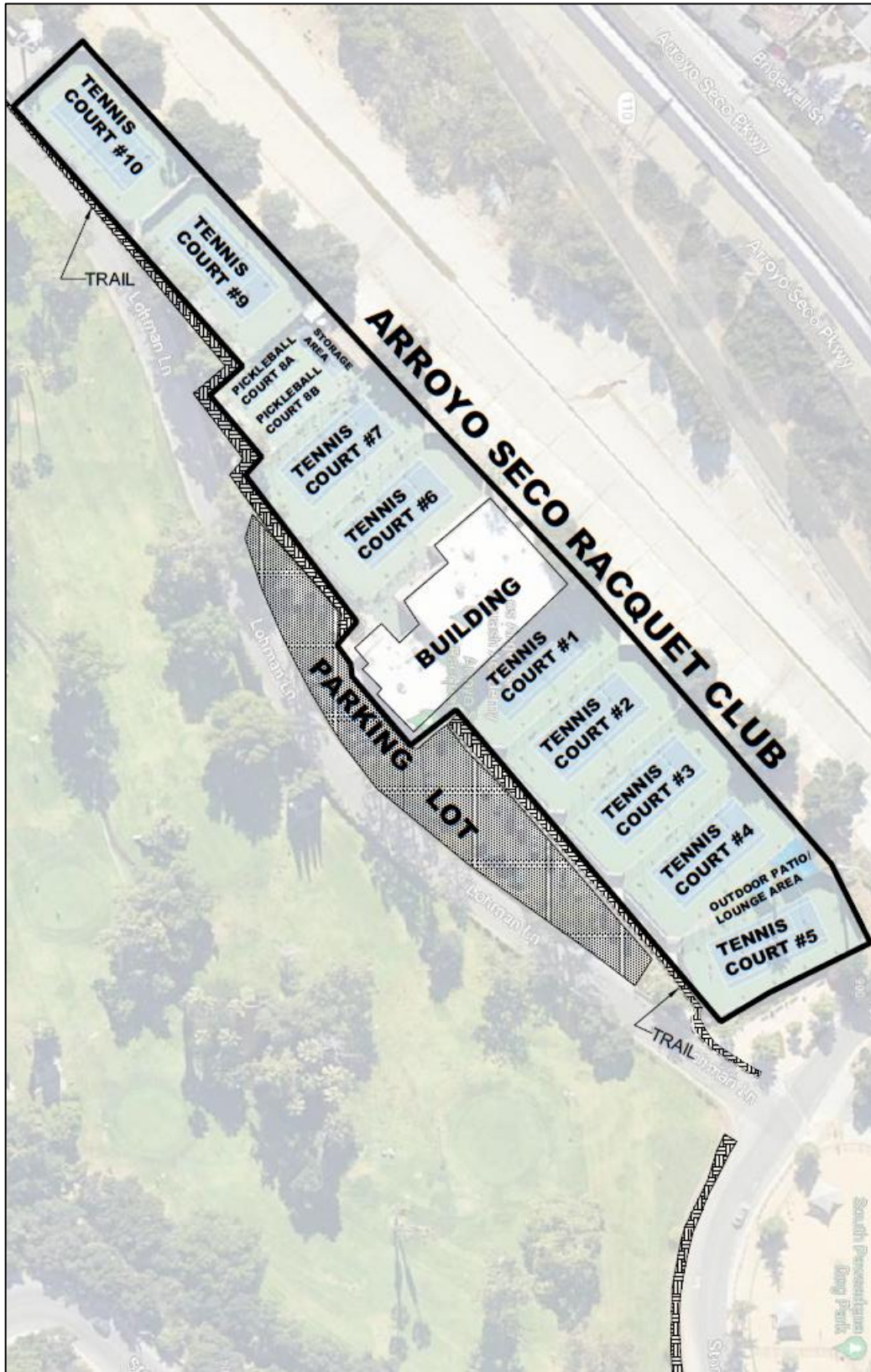
The amenities generally consists of outdoor amenities (nine (9) Tennis Courts, and two (2) Pickleball courts, Sidewalk/Curb Area, Storage Area, an Outdoor Patio / Lounge Area), and the indoor facilities in the Building (a Lobby/Pro Shop/Rentals area, a Men's Locker Room, a Women's Locker Room, five (5) Squash Courts, a Fitness Gym, a Large Office, two (2) Small Offices, a Large Storage Closet, a Small Storage Closet, and a Small Storage Room).

The Racquet Club premises are entirely enclosed by chain-link fencing on all sides except for the front entrance of the building on the southeast-facing side; the premises facility includes the area enclosed by the fence, the fence itself, and the Sidewalk/Curb Area from the southwest fenceline of the front trash enclosure to the east end of the access gate on the east side of the building.

In reference to A.1 and A.2 showing the solid perimeter line of the Racquet Club and the solid perimeter line of the Building, the "Trail" area represents the walking area outside of the Racquet Club premises.

The Rim of the Valley Trail running alongside the eastern side of the Premises is not a part of the Premises. The Parking Lots are not a part of the Premises.

The rights and responsibilities of all areas outside of the Racquet Club as defined above remain with the City of South Pasadena, subject to any modifications to the Agreement.



A.2

It is acknowledged that the location and dimensions of walls indicated in Ex. A.2 are not to scale and are intended to demonstrate general existence and relative placement of existing facilities. The location of Large Storage Closet, Women's Locker Room, Men's Locker Room, and Small Office are reflective only of general location.

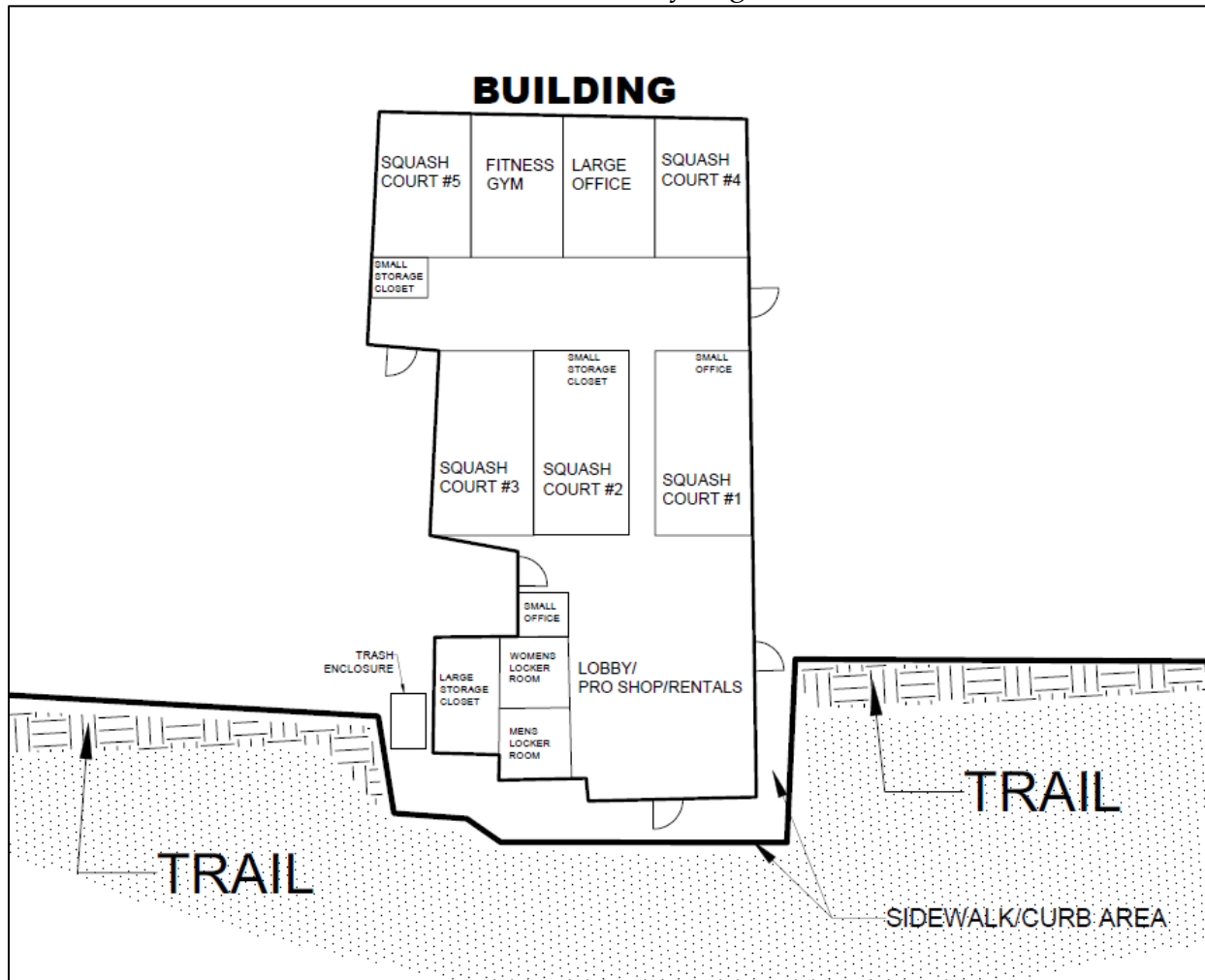


Exhibit C

Required Capital Improvement and Timeline

Project	Completion Deadline	Cost
Locker room renovations	9/15/2024	\$125,000
Court repairs (Courts 3 and 4)	9/15/2026	\$200,000
Construction of coffee shop/cafe	6/30/2027	\$250,000
Total Cost		\$575,000

Locker room renovations shall include demolition of the existing location and floorplan of the men's and women's locker rooms, and replacement with a new floorplan of enhanced locker room facilities, in roughly the footprint of the existing locker room. Amenities, finishes, and final design and scope shall be proposed by Operator pursuant to the process identified in Section 12.2.

Court Repairs to courts 3 and 4 shall be conducted by Operator to bring Courts 3 and 4 into playable condition. final design and scope shall be proposed by Operator pursuant to the process identified in Section 12.2.

Construction of coffee shop/café to accommodate the service/preparation of beverages, light snacks, and sandwiches/wraps shall be constructed in the space currently occupied on site by the existing Large Storage Closet, and existing men's showers. Patio seating for the Café may be included outside of the building footprint. Amenities, finishes, and final design and scope shall be proposed by Operator pursuant to the process identified in Section 12.2.

From: [Yvonne LaRose](#)
To: [City Council Public Comment](#)
Subject: Public Comment Agenda Item 16: TRIO COMMUNITY MEALS
Date: Wednesday, June 7, 2023 3:10:55 PM

CAUTION: This email originated from outside of the City of South Pasadena. Do not click links or open attachments unless you recognize the sender and know the content is safe.

It is good that the Senior Center obtains catered meals from Trio.

However, it's concerning that the Trio meals only offer pasteurized milk services and nothing as a substitute.

It's also concerning that all of the meals are highly salted.

Some individuals are lactose intolerant. As one approaches a certain, the propensity to become lactose intolerant increases. The condition is very uncomfortable and can be very embarrassing.

Again, there are some people who would like to rely on the catered meals but are on low-sodium diets for various health reasons. It would be good to eliminate the addition of salt to the meals wherever possible and allow that to be a table choice for diners.

Overall, it's a worthwhile expenditure to have these catered meals made available. The two drawbacks are lack of alternative choices when it comes to milk servings as well as pre-salted meals. It would be good to not add salt so that more meals can be made available to more residents. Please take these two meal issues into consideration as you move forward in continuing this relationship.

Viva

Yvonne LaRose, CAC

Organization Development Consultant: Diversity/Title VII, Harassment, Ethics



City of South Pasadena Finance Department

Memo

Date: June 5, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DVM tw AL*

From: Domenica Megerdichian, Deputy City Manager

June 7, 2023 City Council Meeting Item No. 18 Approval of Award of
Contract with Richards Watson & Gershon for City Attorney Services

The memo provides a correction to a scrivener's error on page 5 of 5 of the staff report. Under Fiscal Impact, it is incorrectly stated that the legal fees estimate for the FY 2023-24 budget is \$425,000. The City Council has authorized an amount of \$420,000 to be budgeted for legal services, and staff together with City Council will review the accounting related to this contract, and revisit the budget needs at the midyear budget report.

Award of Contract for City Attorney Services

June 7, 2023

**Prepared By: Domenica Megerdichian, Deputy City Manager
Tamara Binns, Assistant to the City Manager**

Request for Proposal Timelines

RFP Event	Description	Date
RFP Release	Direct solicitation and release to Planet Bids	Released on February 24, 2023
Proposal Deadline	Closing date; proposals accepted until 6 pm	Closed on April 6, 2023
Complete Initial Review	Subcommittee identifies candidates for interviews	Completed April 14, 2023
Interviews	Interviews by City Council of top 4 candidates	Conducted May 1 and May 3, 2023
Negotiations	Negotiations with city staff and subcommittee	May 8 – May 25, 2023
Award of Contract (to come)	City Council awards contract at open meeting	June 7, 2023 Council Meeting

Process

- **Eleven (11) proposals were timely received in response to the City's Request for Proposal (RFP) for Attorney Services.**
- **Of the eleven proposals, four (4) firms were selected by the Subcommittee to be interviewed by the entire City Council.**

Interview and Contract Terms

- **On-site interviews of the four law firms conducted by the full City Council and City Staff on May 1, 2023 and May 3, 2023.**
- **Richard Watson & Gershon Contract terms: Initial term of three (3) years, with two one-year renewal options.**

City Attorney Subcommittee Report

- **Subcommittee Report**
 - **Mayor Pro Tem Evelyn G. Zneimer**
 - **Councilmember Janet Braun**



City of South Pasadena
City Manager's Office

Memo

Date: June 6, 2023
To: The Honorable City Council
Via: Arminé Chaparyan, City Manager *AC*
From: Mary Jerejian, Management Analyst

June 7, 2023 City Council Meeting Item No. 19 Consideration of South Pasadena Chamber of Commerce Business Improvement Tax (BIT) Proposal for Funding for FY 2023-24 in the Amount of \$128,500

The memo provides additional information requested by Mayor Pro Tem Evelyn Zneimer on the Chamber of Commerce's financials. Please find attached the information provided by the Chamber of Commerce, on the Eclectic Music Festival and the Farmers' Market.

2023 Budget vs Actual

South Pasadena Eclectic Music Festival 2023

Event Date: April 30, 2023, 3 pm to 10 pm

	2023	2023	2019	2019
	Budget	Actual	Budget	Actual
Income				
BIT Income			\$40,000	\$61,000
BIT Income - Arts Crawl	\$10,000	\$10,000	\$7,000	\$7,000
Sponsorships*	\$38,500	\$32,375	\$31,700	\$27,217
Food & Beverage Income	\$20,000	\$27,975	\$25,000	\$19,592
Preview Party	\$10,000	\$11,000	\$10,000	\$8,507
Artisans' Alley	\$2,500	\$6,750	\$2,500	\$2,771
Total Gross Revenues	\$81,000	\$88,100	\$116,200	\$126,087

	2023	2023	2019	2019
	Budget	Actual	Budget	Actual
Expenses				
Stage/Sound/Rentals	\$30,000	\$35,500	\$25,000	\$31,438
Music/Bands	\$26,000	\$35,001	\$35,000	\$48,625
ArtsCrawl	\$10,000	\$10,000	\$7,000	\$7,000
Food & Beverage Expenses	\$6,000	\$4,709	\$6,000	\$4,209
Advertising & Promotion	\$12,000	\$9,112	\$12,600	\$9,708
Operations, Labor	\$4,100	\$4,470	\$3,600	\$4,068
Consultants (grants, event logis			\$6,000	\$6,400
VIP Zone	\$0	\$0	\$750	\$498
Preview Party	\$5,000	\$7,200	\$5,000	\$3,896
Total Expenses	\$93,100	\$105,992	\$100,950	\$115,843
Contingency	\$4,580		\$4,580	
Expenses Including Contingenci	\$97,680	\$105,992	\$105,530	\$115,843
Net Profit (Loss)	-\$16,680	-\$17,892	\$10,670	\$10,244

5/15/2023

***NOTES:**

Sponsorships: A portion of these funds have been donated by Trustee sponsors of the Chamber, to be used for general Chamber expenses. They are NOT direct donations to the Eclectic Music Festival.

Sponsorships also include business, individual sponsorships

Labor: This budget does not reflect the staff time required to coordinate, plan and execute this event.

From: [Alan Ehrlich](#)
To: [City Council Public Comment](#); [Armine Chaparyan](#)
Subject: Agenda Item 19 re: Chamber of Commerce Vote
Date: Wednesday, June 7, 2023 8:36:10 PM
Attachments: [ATT00001.jpg](#)

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"Sunlight is said to be the best of disinfectants."

- Supreme Court Justice Louis Brandeis

-

"Openness in government is essential to the functioning of a democracy."

International Federation of Professional & Technical Engineers, Local 21 v. Superior Court
California Supreme Court, 42 Cal.4th 319 (2007)



City of South Pasadena Finance Department

Memo

Date: June 1, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DEM for KL*

From: John Downs, Interim Finance Director

June 7, 2023 City Council Meeting Item No. 21 Adoption of Fiscal Year
2023-24 Annual Budget Report and Resolution – Additional Attachment
#4

This memo adds an additional attachment to Item No. 21. The attachment shall be reflected as Attachment 4 – Resolution Adopting the Fiscal Year 2023-24 Annual Budget, and it is recommended that the City Council consider adopting the resolution at their consideration of Adopting the Proposed FY 2023-24 Budget.

ATTACHMENT 4

Resolution Adopting the Fiscal Year 2023-24 Annual Budget

RESOLUTION NO. XXXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, ADOPTING THE FISCAL YEAR 2023-24 BUDGET

WHEREAS, the City Manager has submitted to the City Council a proposed Budget for the Fiscal Year 2023-24 and said Budget has been considered at a noticed public hearing on May 19, 2023.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH PASADENA, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. That the Budget proposed by the City Manager, by reference, for the Fiscal Year commencing on July 1, 2023, with proposed revenues and transfers in from other funds totaling \$93,571,347 and expenditures and transfers out to other funds totaling \$105,456,272, is hereby approved, adopted, and appropriated.

SECTION 2. The fund appropriations set forth shall be the maximum expenditures authorized for those funds.

SECTION 3. The City Council does hereby authorize and approve the commitment of General Fund Balance for the specific purposes designated by the Fiscal Year 2023-24 Budget, and that committed amounts cannot be used for any other purpose unless the City Council removes or changes the specific use through the same formal action to establish the commitment.

SECTION 4. The City Council does hereby authorize and approve the number and classification of employees in the respective functions, departments and/or activities as set forth in the Fiscal Year 2023-24 Budget.

SECTION 5. The City Council does hereby adopt the Master Fee Schedule for Fiscal Year 2023-24.

SECTION 6. The City Clerk of the City of South Pasadena shall certify to the passage and adoption of this resolution and its approval by the City Council and shall cause the same to be listed in the records of the City.

SECTION 7. Pursuant to Government Code section 53901, the City Clerk of the City of South Pasadena shall file a copy of the adopted budget with the Los Angeles County Auditor-Controller within 60 days after the beginning of the 2023-2024 fiscal year.

PASSED, APPROVED AND ADOPTED ON this 7th day of June, 2023.

Jon Primuth, Mayor

ATTEST:

APPROVED AS TO FORM:

Mark Perez, Deputy City Clerk

Andrew Jared, City Attorney

I HEREBY CERTIFY the foregoing Resolution No. XXXX was duly adopted by the City Council of the City of South Pasadena, California, at a regular meeting held on the 7th day of June, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

Mark Perez, Deputy City Clerk



City of South Pasadena Finance Department

Memo

Date: June 7, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DM for AL*

From: John Downs, Interim Finance Director

June 7, 2023 City Council Meeting Item No. 21 Adoption of Fiscal Year 2023-24 Annual Budget Report and Resolution – Additional Attachment #5

This memo adds an additional attachment to Item No. 21- Adoption of Fiscal Year 2023-24 Annual Budget Report and Resolution. The attachment shall be reflected as Attachment 5 – Description of Funds.

The Proposed Budget dated June 7, 2023, and published on June 1, 2023, included all City funds in the budget document. Certain fund narratives were erroneously left out of the glossary and Description of Funds, and are provided in red in this attachment.

ATTACHMENT 5
Description of Funds

Description of Funds

General Fund

101-General Fund – The General Fund is the primary operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in another fund. That is, it is assumed that all of the City's activities are reported in the General Fund unless there is a compelling reason to report an activity in some other fund type. Generally Accepted Accounting Principles (GAAP) prescribe that a government report only one general fund.

There are at least three compelling reasons to account for a particular activity in some type of fund other than the General Fund:

- **GAAP Requirements.** In certain instances, GAAP require the use of another fund type. Examples of such requirements are found in reporting for resources that are required to be held in trust for employee pension plans, other postemployment benefit plans, or other employee benefit plans. The City does not have such plans.
- **Legal Requirements.** There may be legal requirements that a certain fund type be used to account for a given activity. Most special revenue sources that are legally restricted to expenditure for specified purposes (Capital Growth Fund, grants, local return of Proposition A and C, CDBG, Gas Taxes, etc.) fall into this accounting category.
- **Financial Administration.** The demands of sound financial administration may require the use of a fund other than the General Fund. For example, the City has found it appropriate to account for the Parking and Business Improvement Tax, and Mission Meridian Public Garage in this manner.

Internal Service Funds

Internal service funds account for activities that provide goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Funds included are:

103-Insurance Fund – To provide resources for general liability and workers' compensation insurance claims.

106-Technology Surcharge Fund – To account for the funding collected through the City's Technology Fee Surcharge intended for acquiring and maintenance of a permitting software system.

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Funds included are:

201-MTA Pedestrian Improvement Fund – To account for MTA grants used for the Fair Oaks/Mission pedestrian improvement projects which include pedestrian accessibility, widened bikeways, landscaping, lighting modification and aesthetics.

205-Proposition “A” Local Return Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Proposition A in 1980. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

206-State and Local Recovery Fund (SLRF) – To account for all revenues and expenditures associated with this State fund.

207-Proposition “C” Local Return Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Proposition C in 1990. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

208-TEA/Metro Fund – To account for all revenues and expenditures associated with the TEA/Metro Fund. All revenues of this fund must be expended for transportation-related items.

209-Carlyle Library Bequest – Carlyle donation

211-CTC Traffic Improvement Grant Fund – To account for state and federal funding of street and intersection improvements relieving congestion at our busiest intersections.

213-SB2 Planning Grant –The SB 2 Planning Grant is a State grant to implement a new electronic permitting and case management system.

214-Rogan HR 5394 Grant Fund – To account for the revenue and expenditures associated with the 110 FWY Hook Ramp Project funded by Rogan grant.

215-Street Lighting and Landscaping Fund – To account for the costs associated with the City's street lighting and median landscaping programs. These costs are deemed to benefit all property owners who are assessed their proportionate share of the costs. These assessments are placed on the property tax bill and collected and remitted to the City by the County of Los Angeles.

217-Public, Education, and Government Fund – To account for revenues and expenditures used for public education and government access charges that the City's

cable franchise collects. Monies in this fund must be used to purchase equipment related to the production of public education and government access television.

218-Clean Air Act Fund – To account for revenues and expenditures expended for air quality improvement projects as established by the South Coast Air Quality Management District.

219-CalRecycle Local Asst. Grant – Funds awarded to the City by CalRecycle for various payment programs and grants including, but not limited to: Used Oil Payment Programs, Beverage Container Recycling City/County Payment Programs, SB1383 Local Assistance Grants, Beverage Container Recycling Grants, Edible Food Recovery Grants, Greenhouse Gas Reduction Grants, Household Hazardous Waste Grant Programs, etc. Some programs require reimbursement to CalRecycle if all funds are not spent during the program/grant time period.

220-Business Improvement Tax (BIT) Fund – To account for business improvement tax returns collected by the City for specified purposes within the Parking and Business Improvement Area: (1) decoration of any public place, (2) promotion of public events; (3) furnishing of music; (4) general promotion of retail trade activities.

223-Gold Line Mitigation Fund – To account for the MTA's funding for the improvements to the Gold Line Mission Street Station.

226-Mission Meridian Public Garage Fund – To account for the revenues and expenditures of the Mission Meridian Public Garage.

228-Housing Authority Fund – To account for the revenues and expenditures for the City of South Pasadena Housing Authority.

230-State Gas Tax Fund – To account for all state gas tax related revenues and expenditures, including street repair, reconstruction and maintenance. State law requires these gasoline taxes to be used to maintain the City's street and highway system.

232-County Park Bond – To account for the revenues and expenditures for the County Park Bond related improvements.

233-Measure R Fund – To account for all revenues and expenditures associated with the City's local return portion of the one-half cent sales tax approved by Measure R in 2009. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

234-LACMTA Measure M MAT Grant Fund – To account for all revenues and expenditures associated with the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items

eligible under the Metro Active Transportation, Transit and First/Last Mile (MAT) Program.

236-Measure M Fund – To account for all revenues and expenditures associated with the City’s local return portion of the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission.

237-Road Maintenance & Rehab Fund – To account for all revenues and expenditures associated with State Gas Tax SB1.

238-MSRC Grant Fund – To account for the revenues and expenditures for the Mobile Source Air Pollution Reduction Review Committee projects.

239-Measure W Fund – To account for all revenues and expenditures associated with improving conditions of storm water runoffs funded by parcel tax.

240-Measure M MSP –Multi-Year Subregional Program (MSP) Fund - To account for all revenues and expenditures associated with the Multi-Year Subregional Program portion of the one-half cent sales tax approved by Measure M in 2016. All revenues of this fund must be expended for transportation-related items as established by the Los Angeles County Transportation Commission, as administered through the Arroyo Verdugo Communities Joint Powers Authority Governing Board.

241-Measure H Fund – To account for the revenues and expenditures for the “Los Angeles County Plan to Prevent and Combat Homelessness” for the specific purpose of funding homeless services and short-term housing.

242-Prop C Exchange Fund – To account for all revenues and expenditures associated with competitive Metro Grant for eligible transportation projects.

243-Measure R - MIP –Mobility Improvement Projects (MIP) Fund - To account for all revenues and expenditures associated with transportation multimodal and safety enhancement projects, as approved Los Angeles County Metro, utilizing funding established for the former 710 North freeway project.

245-Bike and Pedestrian Paths Fund – To account for the revenues and expenditures for bike and pedestrian facilities improvements funded by the State of California Transportation Development Act.

247-SGVCOG Grant Fund – To account for the revenues and expenditures to implement the Slow Streets Program funded by San Gabriel Valley Slower, Safer Street Program.

248-BTA Grant Fund – To account for the revenues and expenditures for the Bicycle Transportation Account (BTA) grant funded by the Los Angeles County Metropolitan Transportation Authority. This grant was awarded to fund two projects from the City's Bicycle Master Plan: the Mission Street Green Sharrow Lane Project and the South Pasadena Bicycle Parking Project.

249-Open Streets Grant Fund – To account for the revenues and expenditures for the open streets grant funded by the Los Angeles County Metropolitan Transportation Authority. The goals of the Open Streets Grant Program is to provide opportunities for 1) riding transit, walking and riding a bike, possibly for the first time, 2) to encourage future mode shift to more sustainable transportation modes, and for 3) civic engagement to foster the development of multi-modal policies and infrastructure at the city/community level.

255-Capital Growth Requirement Fund – To account for fees paid to the City for building development to be applied towards the costs of public facilities improvements.

260-Community Development Block Grant (CDBG) Fund – To account for the revenues and expenditures for Community Development Block Grant projects.

270-Asset Forfeiture Fund – To account for proceeds received from forfeiture in narcotics investigations allocated for law enforcement activities.

272, 273 & 274-Federal and State Public Safety Grant Funds – To account for the operations of various federal and state grants, including COPS grants, and Homeland Security grants.

275-Park Impact Fees Fund – To account for the proceeds of a development fee used for the purpose of park facilities improvements and related expenditures.

276-Historic Preservation Grant Fund – To account for revenues and expenditures related to historic preservation grant funds.

277-Highway Safety Improvement Program Grant (HSIP) Fund – To account for revenues and expenditures related to street improvements funded by the grant.

278-LEAP Grant – The Local Early Action Planning (LEAP) grant is a State grant to fund a portion of the preparation of the 6th Cycle 2021-2029 Housing Element.

281-CA State Library Building Forward –To account for any grant funds awarded by the California State Library for the Building Forward Library Facilities Improvement Program.

Enterprise Funds

An enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. GAAP also require the use of an enterprise fund for any activity whose principal external revenue sources are used as the sole leverage for issuance of debt; if the cost of providing services must legally be recovered through fees or charges; or if the government's policy is to establish activity fees or charges designed to recover the cost of providing service.

210 & 310-Sewer Fund – To account for the provision of sewer construction, maintenance and operation services to residents of the City.

295-Arroyo Seco Golf Course Fund – To account for revenues and expenses relating to the Golf Course.

500-Water Utility Enterprise Fund – To account for all the activities and operations of the Utility. The Utility has several functioning wells (in neighboring San Gabriel and San Marino), three functioning reservoirs, and maintains miles of water lines and transmission lines.

503-Water Efficiency Fund –Funds can only be used for water conservation projects and programs including, but not limited to: City and Metropolitan Water District rebate programs, water conservation assessments, education and awareness materials, workshops and community events, emergency drought preparedness, staff oversight of the programs, implementation of conservation goals as outlined in the Green Action Plan and Climate Action Plan, etc. Revenue is collected through a water efficiency fee of \$0.14 per unit of water billed to all city water customers.

505-2016 Water Revenue Bonds Fund – To account for proceeds from the 2016 Water Bond issuance. Proceeds from the bonds are to be used solely for water capital projects, and funds will be transferred over to the Water Fund as project expenses are drawn down.

506-SRF Loan - Water – Debit service for state water revolving fund loan.

510-Water & Sewer Impact Fees – To track water & sewer impact fees.

550-Public Financing Authority Fund – To account for debt service and related expenses of the 2013 Water Bond issuance.

Capital Projects Funds

Governments often find it useful to report major capital acquisition and construction separately from their ongoing activities. Separate reporting enhances an understanding of the government's capital activities, and it helps to avoid the distortions in financial

resources trend information that can arise when capital and operating activities are mixed.

104-Street Improvements Program Fund – To account for capital expenditures related to street improvements projects.

105-Facilities and Equipment Replacement Fund - To account the replacement costs of City vehicles and equipment.

108-SR110 General Fund Reserve Fund - To account for the capital expenditures related to improvement of transportation systems.

327-2000 Tax Allocation Bonds Fund – To account for capital expenditures for improvements funded by the bonds formerly held by the Successor Agency to the Community Redevelopment Agency.

400-Capital Improvement Projects Fund – To account for revenues and expenditures related to all capital improvement projects.

Fiduciary Funds

A fiduciary fund is used in governmental accounting to report on assets held in trust for others. When financial statements are prepared for fiduciary funds, they are presented using the economic resources measurement focus and the accrual basis of accounting.

110-OPEB Trust Fund – Reserves to off-set future other post-employment benefit costs

Successor Agency

Community Redevelopment Agency (CRA) has been Los Angeles' public partner in housing, commercial, neighborhood and economic development. CRA is dedicated to revitalizing, refurbishing, and renewing economically underserved areas of Los Angeles. CRA's main task is to lend a hand to investors willing to take risks for a more vibrant city, to neighborhood resident with renewed aspirations for their communities, and to those in need who strive to take part in the city's growing prosperity. CRA helps increase the supply of housing for low income and moderate-income families, provide infrastructure for commercial and industrial development and create jobs necessary to maintain acceptable levels of employment.

227-CRA Debt Service Fund – To account for payments for Redevelopment Obligations

927-Redvelopment Obligations Trust – To account for proceeds to Successor Agency



City of South Pasadena Finance Department

Memo

Date: June 7, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DVM for AL*

From: John Downs, Interim Finance Director

June 7, 2023 City Council Meeting Item No. 21 Adoption of Fiscal Year 2023-24 Annual Budget Report and Resolution – ~~Update to Staff Report~~ Pg. 21–2

This memo provides a correction to Item No. 21 Staff Report.

The Finance Department inadvertently stated on page 21-2 of Staff Agenda posted on June 1, 2023, the following:

“The proposed draft budget is presented to the City Council members for review and feedback with all Department Directors, presented to the Finance Commission for review and feedback. At their June 1, 2023 meeting, the Finance Commission *unanimously* recommended this budget for City Council’s consideration.”

The correct statement is, “the Finance Commission with a 4-1 vote (with Commissioner Rossi dissenting), recommended this budget for City Council’s consideration.”



City of South Pasadena Finance Department

Memo

Date: June 1, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *DVM TW AL*

From: John Downs, Interim Finance Director

June 7, 2023 City Council Meeting Item No. 21 Adoption of Fiscal Year 2023-24 Annual Budget Report and Resolution – Changes to the Budget since ~~May~~ May 30, 2023.

This memo adds additional information to Item No. 21 related to Changes to Budget since May 30, 2023.

The Finance Department made the following changes to the Fiscal Year 2023-24 Budget:

1. Adjusted Legal Services to reflect updated contract, which is on the Agenda for approval on June 7, 2023. The original expenditure was \$500,000, current expenditure \$420,000. This reduces the General Fund by \$80,000
2. Reclassified a Management Analyst from Community Services for Senior Dial-A-Ride from General Fund to Local Transit Return "A" Fund. This reclassification reduced the General Fund expenditure by \$92,706 and increase the Prop A Fund by \$92,706.
3. Reduction of Senior Nutrition Program in General Fund to be partially funded by CDBG of \$7,806.
4. Updated revenue for Senior Meals based on number of meals served of 13,500. This increased our estimated revenue to \$39,600.



City of South Pasadena Finance Department

Memo

Date: June 7, 2023

To: The Honorable City Council

Via: Arminé Chaparyan, City Manager *AVM tr KL*

From: John Downs, Interim Finance Director

RE: June 7, 2023 City Council Meeting Item No. 21 Adoption of Fiscal Year 2023-24 Annual Budget Report and Resolution – Finance Commission updates from June 1, 2023 meeting

This memo adds additional information to Item No. 21. The information shall be reflected as – Finance Commission updates from June 1, 2023 meeting.

On June 1, 2023, a Finance Commission meeting was held to again review and discuss the FY 2023-24 Proposed Budget. After significant discussions and concerns regarding violation of Budget policies by adopting the Budget as presented, entering deficit spending without any future projections on how to exit deficit spending, and leaving certain funds with negative balances, Finance Commission recommended that the Council approve the FY 2023-24 Budget, and will continue working with Finance Department staff to improve the Finance Commissions' understanding of the Finance Department's decision-making process in creating and presenting the City's Budget.

In the June 7th Agenda packet, staff report states that "At their June 1, 2023 meeting, the Finance Commission unanimously recommended this budget for the City Council's consideration". As the staff report for the June 7th meeting was posted prior to the June 1st Finance Commission's meeting, the staff report will be updated to reflect the true recommendation. The Finance Commission with a 4-1 vote, voted to approve the proposed budget and recommend it to City Council for consideration. The one "no" vote was by Commissioner Rossi. Her rationale for this vote was "the budget in its current state violates the City's financial policies across multiple categories, violates State law, violates GFOA best practices, and continues to misrepresent our actual fund position. Further, not

a single one of the policy exemptions identified has been highlighted in the budget document or in the staff report.”

The Finance Commission had extensive discussion regarding the FY 23-24 budget and Commissioners expressed continued concerns regarding deficit spending and the need to start planning for the future. The Finance Commission with a 4-1 vote, voted to approve the proposed budget and recommend it to City Council for consideration, however, Commissioners wanted the City Council to know that they have areas of concern and want to continue working collaboratively with City's Finance staff to address these areas and look for solutions.

In that spirit, the Finance Commission will be working with the Finance Department on the following items:

1. Insurance Fund
 - A. Understanding of the Finance Team's approach to the City's Insurance Fund
 - B. Breakdown of each component of the City's Insurance Fund
 - C. How is it funded based upon the Finance Team's approach?
 - D. Breakdown of actual costs versus estimated costs
 - E. Create a reserve to fund future long term liabilities
2. Develop a Deeper Understanding of the City's Funds
 - A. How are each Fund funded? (Funding sources)
 - B. Why are some Funds negative, and is it a violation of the City's Budgeting Policies?
 - C. What is the Finance Team's plan to make each Fund whole and self-sustaining
3. Revenue and Expenditure Analyses
 - A. Develop a 5-year "rolling" projection
 - B. Monthly budget updates for review by the Finance Commission
 - C. Develop a sustainable revenue and financing plan
 - D. Look at surrounding Cities and pick out best practices to discuss, recommend, and possibly adopt.
4. Capital Improvement Projects (CIP)
 - A. Deepen the Finance Commission's understanding of the various funding sources
 - B. Working with the City Manager and Finance Team, analyze priorities
 - C. Review lapsing funds
 - D. Working with the City Manager and Finance Team, strategize on projects
 - E. Provide regular updates to Council and Commission
5. Personnel
 - A. Position Control Report (purpose and function)
 - B. Walkthrough of creation of position to hiring process

- C. Factors in determining costs of positions in Budget process
 - D. Timeline of recruitment, hiring dates, and department needs
6. Develop a deeper understanding of Water Fund
- A. Commission to Tour Water Facility/Plant
 - B. Understand Water Operations
 - C. How does the Water Fund function?

Staff will be scheduling Commission meetings throughout the Summer and start in depth, comprehensive discussions on the topics identified above.

The topics above also form the basis for the Finance Commission's draft work plan for FY 2023-24.

City Council FY 2023-24 Budget

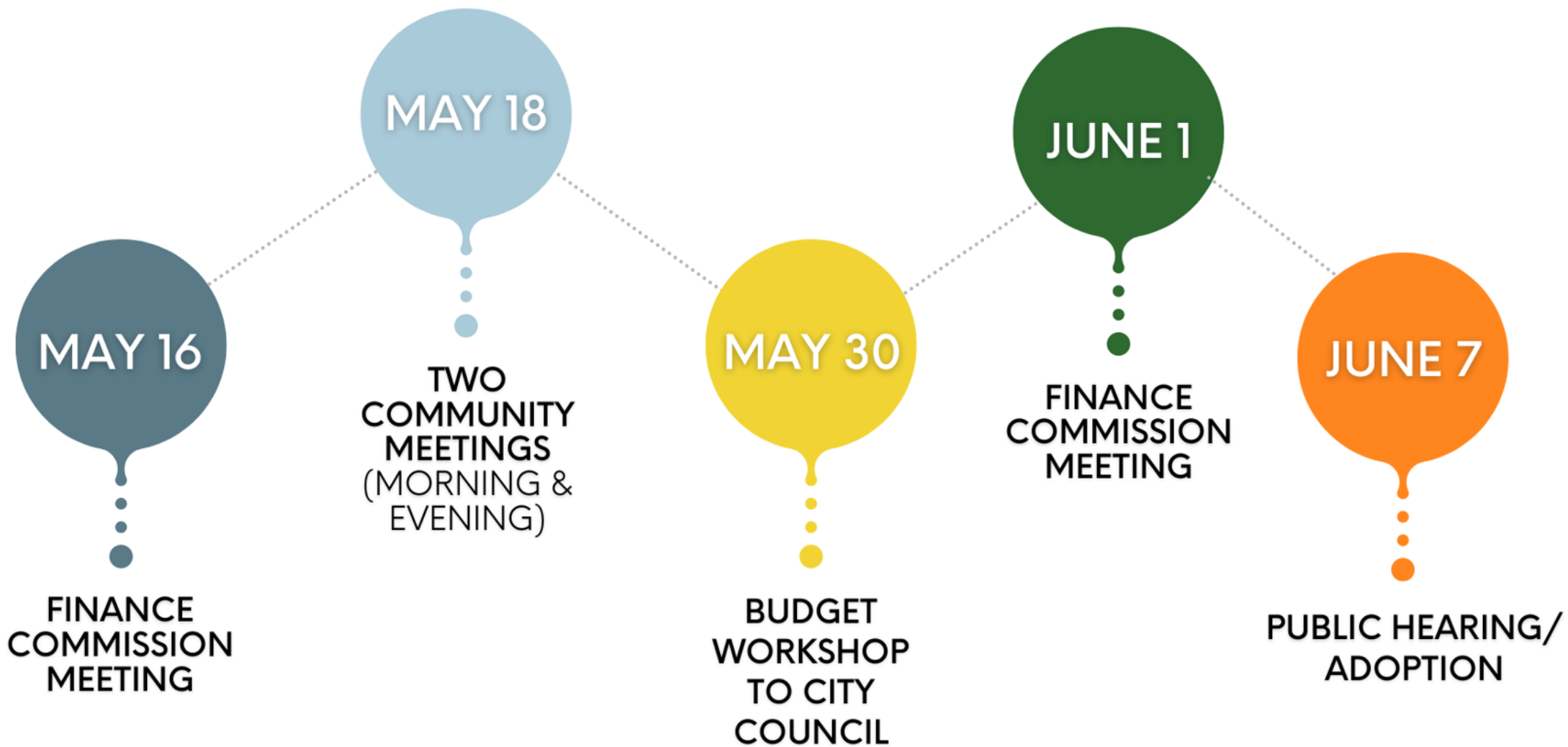
June 7, 2023

Prepared By: South Pasadena Finance Department

Proposed FY 23-24 Budget

- Zero-based budget
- Collaborative effort across all departments
- Significant community engagement
- Continuing 'clean up' efforts
- Unanticipated responsibilities that must be addressed

Community Engagement: Public Meetings



One-Time GF Expenditures

General Fund One-Time Expenditures		
Department	Description	Amount
City Manager's Office	Caltrans Consultant - Civic Stone Jul - Oct 2022	30,464
Management Services	Network hardware replacement	42,000
Management Services	Temporary Staffing Services	25,000
Management Services	End of Live Servers Rebuild and Migration to Azure Cloud	80,000
Fire	Shared Command Vehicle	132,500
Community Development	Tenant protections programs analysis, development & implementation	400,000
Community Development	Removal of Racially Restrictive Covenants from City-owned properties	100,000
Community Development	Cultural Heritage Ordinance Update	200,000
Community Development	IHO in-lieu Fee Study (EPS)	23,000
Community Development	Ballot Measure & Height limit study	100,000
Community Development	GP/DTSP Consultant (Rangwalla)	150,000
Community Development	TruePoint electronic permit system implementation	151,000
Library	New carpet and paint in teen room	6,000
Library	Furniture for teen room	34,000
Library	New exterior book drops	15,000
Community Services	Mobile Senior Tables	4,900
Community Services	Reception area furniture at Senior Center	4,500
Community Services	Tables and chairs at War Memorial	2,000
Community Services	Electrical panel at Garfield Park for events	2,500
Community Services	Park signage	7,650
Community Services	Painting of Camp Med	10,500
	Total General Fund - one time appropriations	1,521,014

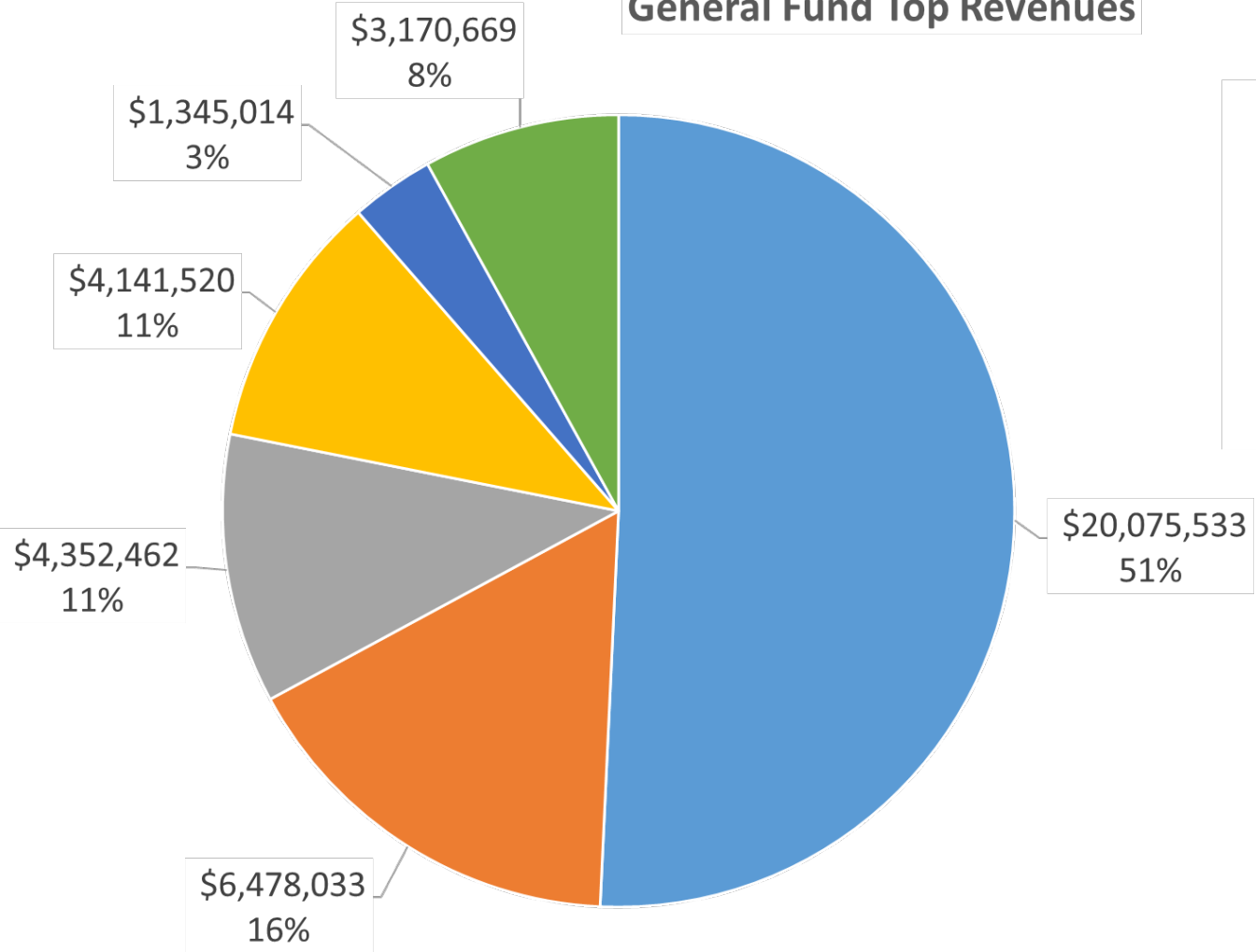
Budget Changes Since 05/30/2023

- Reclassifying a Management Analyst from Community Services for Senior Dial-a-Ride from General Fund to Local Transit Return “A” Fund
 - Reduce General Fund expenditures by \$92,706
- Reduction of legal fees due to new contract
 - Reduce General Fund expenditures by \$80,000
- Reduction of Senior Nutrition Program from General Fund to be partially funded by CDBG
 - Reduce General Fund expenditures by \$7,806
- Reflect revenue from Senior Meals based on numbers provided by Community Services
 - Increase General Fund revenue by \$39,600.
- Total savings of \$180,512 to General Fund

General Fund Revenues

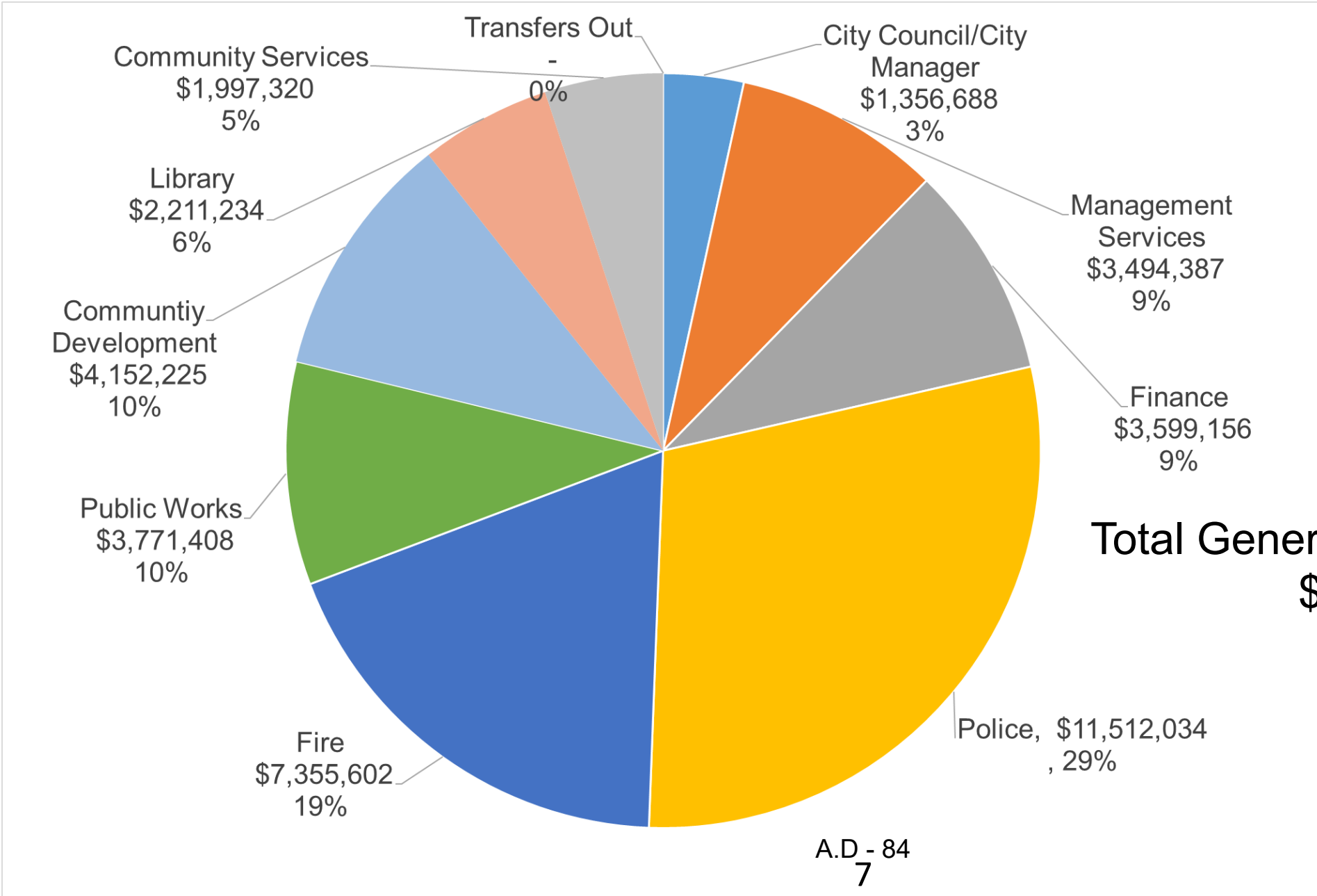
General Fund Top Revenues

- Property Taxes & Special Taxes
- Sales Taxes
- Utility Users Taxes
- Current Services
- Use of Money & Property
- All Other



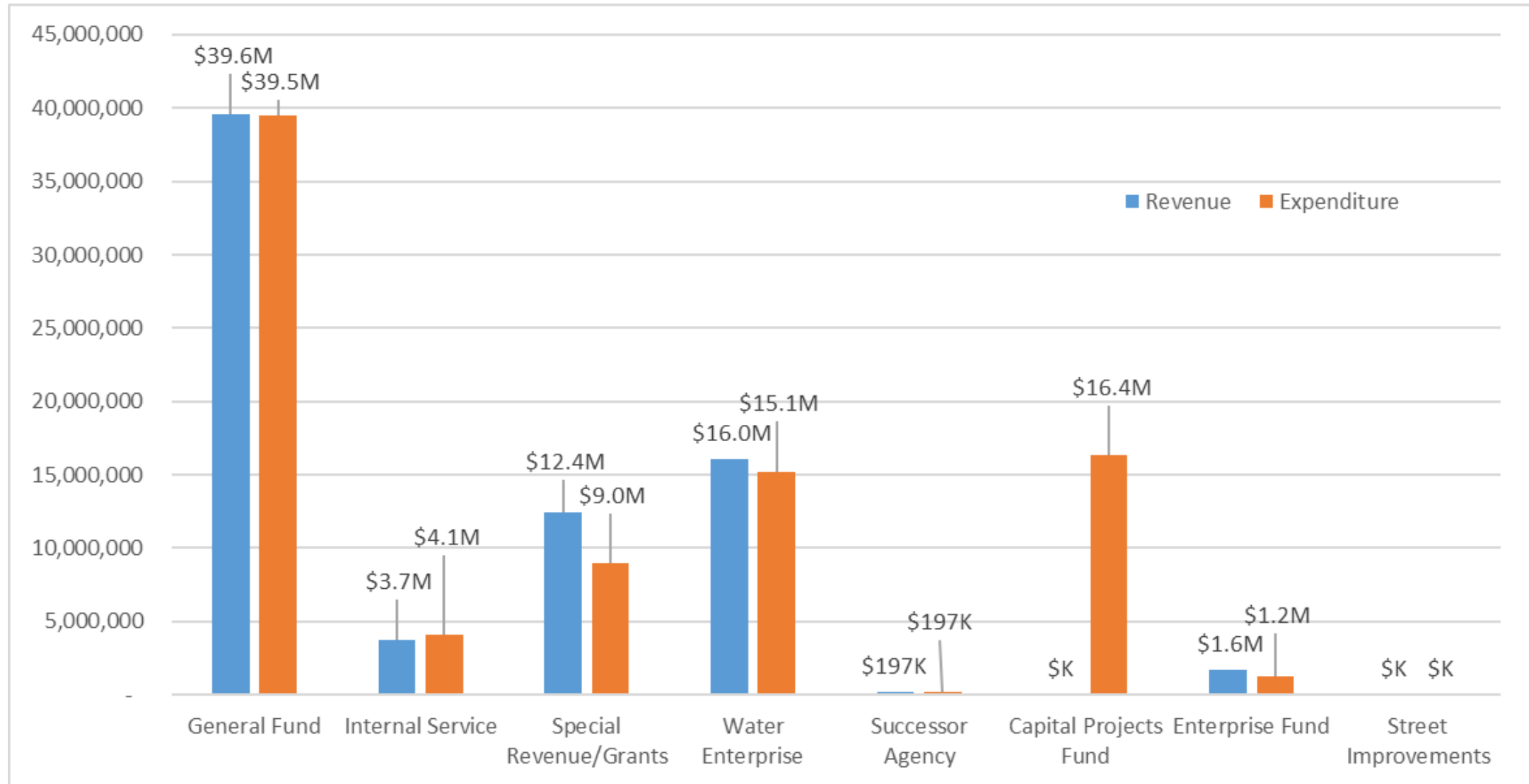
Total General Fund Revenue
\$39,563,231

General Fund Expenditures by Dept



Total General Fund Expenditures
\$39,450,055

Current Budget Status



Insurance Fund

- What is the Insurance Fund?
 - Internal Service Fund that tracks City Self Insured Plan
 - Revenue Source – internal service charges to different departments and funds through allocations and insurance reimbursements for claims in excess of Self Insurance Retention (SIR).
 - Expenditures - comprise of estimated cost of workers compensation claims, general liability claims, insurance premium, and professional services rendered for insurance management.
- Parties involved
 - PRISM – Insurance Policy
 - Carl Warren – General Liability
 - Intercare – Workers Compensation
 - Bickmore Actuarial

Insurance Fund, Continued

General Liability	Workers Compensation
Managed by Carl Warren	Managed by Intercare
Projected Management Cost - \$16,400	Projected Management Cost - \$81,000
Projected Claims & Judgment - \$1.35M	Projected Claims & Judgment - \$554k
PRISM Insurance Policy - \$1.109M	PRISM Insurance Policy - \$456k
Self Insurance Retention - \$100k	Self Insurance Retention - \$125k

Insurance Fund, Continued

Bickmore Actuarial

- Provides the City with an annual actuarial study on potential insurance liability
- Actuarial study is based on historic claims, existing cases, statistical data, and financial trends
- For FY 2021-22, the City recorded actuarial liability of \$2.3M. This liability affects the fund balance and is the driver for the negative fund balance on the proposed budget.

Insurance Fund, Continued

Statement of Fund Net Position on Insurance Fund from Fiscal Year 2021-22 Annual Comprehensive Financial Report

CITY OF SOUTH PASADENA

STATEMENT OF FUND NET POSITION - INSURANCE FUND JUNE 30, 2022

ASSETS

Cash and investments	\$	352,077
Total assets		<u>352,077</u>

LIABILITIES

Accounts payable		7,591
Claims and Judgments payable		<u>2,297,000</u>
Total liabilities		<u>2,304,591</u>

NET POSITION

Unrestricted		<u>(1,952,514)</u>
Total net position	\$	<u><u>(1,952,514)</u></u>

Insurance Fund, Continued

Proposed 2023-24 Budget Expenditure for Insurance Fund

Acct	Tsk	Account Title	Actual 2019/20	Actual 2020/21	Actual 2021/22	Budgeted 2022/23	Estimated 2022/23	Proposed 2023/24
8020	000	Special Department Expense	897,752	55,025	84,241	1,400,000	1,400,000	-
8161	000	Claims & Judgements - WC	728,256	1,365,034	1,821,509	341,966	1,514,116	554,000
8161	001	Claims & Judgements - GL	1,315,000	747,325	2,371,009	854,145	1,772,173	1,350,000
8162	000	Insurance Policy - WC	-	-	-	-	-	455,867
8162	001	Insurance Policy - GL	-	-	-	-	-	1,109,000
8170	000	Professional Services						97,400
		<OPERATIONS & MAINTENANCE>	2,941,009	2,167,385	4,276,759	2,596,111	4,686,289	3,566,267
103 - INSURANCE FUND TOTAL			2,941,009	2,167,385	4,276,759	2,596,111	4,686,289	3,566,267

In FY 2021-22, the actuarial liability affected the actual expenditure accounts in the Claims & Judgement with non-cash, accrual transaction. The Finance Department will further analyze the impact.

New Position Requests

- Collaborative oversight and management between Human Resources and Finance
- Creation of a Position Control Report
- Transition of some key temporary positions to permanent
- Return of pre-pandemic levels of service and resourcing of additional programs and services

New Positions Analysis

Department	Position	Fund	Fully Burden Cost
Finance	Accounting Technician I	101	40,007
Finance	Accounting Technician I	210	4,445
Finance	Accounting Technician I	500	44,452
		Subtotal:	88,904
Management Services	Human Resource Specialist	101	73,939
Management Services	Human Resource Specialist	500	13,048
		Subtotal:	86,987
Police	Sergeant (Office of Professional Standards)	101	78,207
		Subtotal:	78,207
Police	Police Clerk I	101	39,879
		Subtotal:	39,879
Police	Administrative Secretary	101	75,177
		Subtotal:	75,177
Public Works	Principal Engineer	101	42,424
Public Works	Principal Engineer	101	10,606
Public Works	Principal Engineer	210	21,212
Public Works	Principal Engineer	230	5,303
Public Works	Principal Engineer	239	5,303
Public Works	Principal Engineer	500	21,212
		Subtotal:	106,061

New Positions Analysis, continued

Department	Position	Fund	Fully Burden Cost
Public Works	Management Analyst	503	72,704
		Subtotal:	72,704
Public Works	Water Operations Supervisor	500	56,353
Public Works	Water Operations Supervisor	500	56,353
		Subtotal:	112,707
Community Development	Management Assistant	101	99,977
		Subtotal:	99,977
		Total General Fund:	460,215
		Total Other Funds:	300,387
			-
		Total All Funds For New 9 Positions:	760,602

Position Vacancy List

Department Name	Position Title	Expected Filled	Change GF	Change Other Funds
Finance	Finance Director	Aug 23	(11,606)	(5,462)
Finance	Management Assistant	Aug 23	(3,117)	(3,810)
Finance	Accounting Technician I	Aug 23	-	-
Management Services	Chief City Clerk	Oct 23	(38,249)	-
Management Services	Human Resources & Risk Manager	Aug 23	(12,155)	(3,039)
Management Services	Senior Human Resource Analyst	Aug 23	16,054	2,833
Management Services	Human Resource Specialist	Oct 23	-	-
Police	Deputy Police Chief	Dec 23	(74,625)	-
Police	Police Corporal	Mar 24	(91,432)	-
Police	Parking Control Officer	Oct 23	(16,914)	-
Police	2 x Police Officer	Sep 23	(41,552)	-
Police	Police Officer	Oct 23	(31,164)	-
Police	2 x Police Officer	Jan 24	(124,657)	-
Police	Sergeant (Office of Professional Standards)	Mar 24	(66,555)	-
Police	Police Assistant	Jan 24	(19,447)	-
Police	Police Clerk I	Apr 24	(25,992)	-
Police	Administrative Secretary	Nov 23	(6,314)	-

Note: Change in General Fund and Change in Other Fund reflects changes from prior Drafts presented.

Position Vacancy List, continued

Department Name	Position Title	Expected Filled	Change GF	Change Other Funds
Fire	Fire Engineer	Dec 23	(56,235)	-
Fire	Firefighter / Paramedic	Aug 23	(11,766)	-
Public Works	Principal Engineer	Dec 23	(11,786)	(11,786)
Public Works	Management Analyst	Jan 24	-	(24,573)
Public Works	Facilities and Parks Supervisor	Jan 24	(43,575)	(23,464)
Public Works	Maintenance Worker I/II	Sep 23	-	(11,912)
Public Works	Senior Maintenance Worker	Jan 24	(13,839)	(7,452)
Public Works	Water Production/Treatment Operator	Aug 23	-	8,254
Public Works	Water Operations Supervisor	Oct 23	-	-
Community Development	Associate Planner	Aug 23	6,923	-
Community Development	Senior Planner	Aug 23	-	-
Community Development	Community Improvement Coordinator	Nov 23	(6,765)	-
Community Development	Management Assistant	Aug 23	(6,947)	-
Library	Librarian	Nov 23	(27,271)	-
Community Services	Community Services Coordinator	Aug 23	(764)	-
		Total:	(719,751)	(80,409)

Note: Change in General Fund and Change in Other Fund reflects changes from prior Drafts presented.

Budget Recap FY 2023-24

1. Revenue	\$ 39,563,231
Expenditure	<u>(39,450,055)</u>
Remainder of Positive Funds	<u>\$ 113,176</u>

2. **Budget Policy #2: Balanced Budget**

- This policy is met as our General Fund is balanced
- Any Funds with negative balances will be further reviewed and analyzed in next Fiscal year.

3. Vacancies are normal to agencies and expected. This number ebbs and flows and we work with all departments on prioritizing and recruitment efforts.

4. **Budget Policy #9: Risk Management**

- Self-insured liabilities for FY 21-22 was \$2,297,000. 70% of \$2,297,000 is \$1,607,900.
- We have more than 70% coverage within the General Fund balance of \$18,815,860.

Wish List Items:

Staff needs direction on the following City Council priority areas for initial funding requests:

- Vision 2050 \$100,000
- Library Master Plan \$150,000
- Multi-Cultural Community Event \$50,000
- Landscaping & Lighting Maintenance District (LLMD) funding level and source

Any changes approved by Council tonight will be integrated into Final Budget copy.

Next Steps

Looking to City Council to Adopt FY 2023-24 Budget tonight or further directions.

Finance Team will be working with Finance Commission in the next fiscal year to focus on areas of concern:

1. Insurance Fund
2. Negative Fund Balances (Deficit spending without future projections of how to exit)
3. Development of a 5-year “rolling” projection
4. CIP – understanding of various funding sources
5. Personnel – walkthrough of creation of position to hiring process
6. Work with Financial Consultant to develop plan for Long-term financial planning and fiscal sustainability.

QUESTIONS?

A.D - 99
22