CITY OF RANCHO PALOS VERDES

CITY COUNCIL POLICY MANUAL

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Revised 04/04/17

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29	Legislative Activities of the City Council	08/01/95	02/19/02 03/04/13	
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Revised 04/04/17

Policy	Description	Adopted	Amended	Repealed
44	Audit Committee	12/17/13		
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CITY COUNCIL POLICY MANUAL INTRODUCTION

PURPOSE:

The primary purpose of this policy manual is to provide general guidance to the Council and Staff on matters the Council wishes to have handled in a consistent or similar way over a matter of time.

ADMINISTRATION OF POLICY MANUAL:

Only the City Council may place policies in the manual. Any Council member may suggest a policy, but policies may be placed in the manual only upon a majority vote of the City Council. The City staff members may also recommend policies for inclusion through the city Manager or by the City Manager him/herself. However, such policies may not be placed in the manual without a majority vote of the City Council.

ADMINISTRATION OF POLICY:

On matters relating directly to City Council conduct or actions, the City Council itself, shall determine when and to what degree a particular policy should be followed. On matters relating to the general administration of the city, the City Manager shall administer policies adopted by the city Council.

The City Manager shall consider such policies as guidelines and shall use his/her professional judgment in their administration. It is the responsibility of the City Manager to bring to the City Council's attention situations where, in his/her professional opinion, following the adopted policy on a regular basis would not be in the interest of the public. A deviation from the Council policy may occur if the City Manager determines that the matter before him/her requires urgent action. In such cases, the matter will be brought to the City Council's attention in a timely manner.

POLICY FORMAT:

All policies shall be formatted in the following manner:

NUMBER: The number shall provide identification for the policy.

DATE: The date the policy was adopted or revised.

SUBJECT: Title of the policy.

POLICY: A succinct statement of policy.

BACKGROUND: A description of the Council discussion and reasoning leading to the adoption of the policy.

CITY COUNCIL POLICY

NUMBER: 1

DATE ADOPTED/AMENDED: 02/04/92 (Amended 03/19/02 and 04/19/05)

SUBJECT: Digital Video Discs (DVDs) of City Council and Committee/ Commission Meetings

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POLICY:

It shall be the policy of the City Council to make DVD recordings of City Council and Planning Commission meetings and special City Committee/Commission meetings.

The DVD shall be retained as a permanent record of the meeting. The DVD may be viewed or copied by any member of the public at City Hall at his/her own expense. However, the adopted minutes shall continue to serve as the official record of the meeting. Additionally, the City Council recognizes that future technological advancements may render the DVD format as obsolete. At some point in the future, the City may be faced with the need to convert these records to another format, if feasible and not cost prohibitive.

The recordings of meetings that are available on the City's official website are considered duplicate records and can be deleted from the website at the discretion of the City staff.

BACKGROUND:

The City Council recognized the need to address requests of the staff by the public regarding recordings of public meetings.

CITY COUNCIL POLICY

NUMBER: 2

DATE ADOPTED/AMENDED: 02/04/92

SUBJECT: Questionnaires sent to the public by City Council, Committee/ Commission(s) and Staff

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POLICY:

It shall be the policy of the City Council that all questionnaires and/or surveys to be sent by the city to the general public or special groups, whether generated by Staff, City Council or Committee/Commission(s), be authorized by the full City Council at a public meeting.

The City Manager shall be authorized, however, to approve any questionnaires and/or surveys for information to be sent to other public agencies.

BACKGROUND:

The City Council recognized the need to establish a policy to control questionnaires and surveys for information that are sent or delivered to the general public and special interest groups.

CITY COUNCIL POLICY

NUMBER: 3

DATE ADOPTED/AMENDED: 02/04/92

SUBJECT: Order of City Council Members' Names on Publications

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POLICY:

It shall be the policy of the City Council that the order of City Council members' names on publications, such as stationery, shall list the Mayor's name first, followed by the Mayor Pro Tempore and the remaining Council members' names in alphabetical order.

BACKGROUND:

The City Council recognized the need to give direction to staff on the matter of listing names on publications.

CITY COUNCIL POLICY

NUMBER: 4

DATE ADOPTED/AMENDED: 02/04/92

SUBJECT: Requests for City Attorney Opinions

POLICY:

It shall be the policy of the City Council that all requests for researched, written legal opinions from individual council members be approved by the City Council at a duly-convened meeting or the City council. However, individual council members may request opinions from the City Attorney without City Council approval should the matter relate to a City-related, personal conflict of interest issue.

BACKGROUND:

The City Council recognized the need to control requests for opinion and/or research by the City Attorney due to fiscal concerns.

CITY COUNCIL POLICY

NUMBER: 5

DATE ADOPTED/AMENDED: 02/04/92 (Repealed 03/04/08)

SUBJECT: Council Requests Policy

POLICY:

~~It shall be the policy of the City Council that Council requests for information from the staff requiring more than incidental or minor research effort will be provided through the City Manager's Office. The City Manager will provide the information to other members through the weekly Status Report or other appropriate method.~~

BACKGROUND:

~~The provision of such information places all Council members on an equal footing in responding to citizen inquiries or discussion of the subject matter. It also allows the City Manager to more appropriately manage staff time regarding inquiries from the Council.~~

CITY COUNCIL POLICY

NUMBER: 6

DATE ADOPTED/AMENDED: 02/04/92 (amended 01/31/02 and 09/16/03)

SUBJECT: City Advisory Board Recruitment and Selection

POLICY:

It shall be the policy of the City Council to fill vacancies on City-appointed Boards as follows:

Service Criteria

1. Terms of service on City Boards will be four years for each new appointee. Initially, half (plus one) of the terms will be four years and half (less one) of the terms will be two years.

2. Appointments will be made to Boards in even numbered years on a schedule to be established by the City Council and following as soon as possible the seating of a new Council.

3. Terms will be staggered to maintain continuity.

4. Following the appointment of Board members, those appointees indicating an interest in being considered for chair, will be interviewed separately by the City Council specifically for the purpose of selection of the chair.

5. Terms of service for the Chair will normally be one year. Appointments/re-appointments will be made annually on a schedule to be established by the City Council.

6. In the event a Board meets before a Chair is appointed/reappointed, the Mayor may appoint an interim Chair. If the former Chair is reappointed to the Board, he/she may act as Interim Chair. If the Chair is not reappointed to the Board then the Vice Chair may act as Interim Chair.

7. The Vice Chair of each Board will be elected by the Board members.

Recruitment Process

1. Immediately following the regular election of City Council members the City Clerk shall advertise that applications shall be open for the positions that shall be filled following the seating of a new City Council. Applications shall be

accepted from the date following the election until mid-December of that year, or such other date, as the City Council shall direct. The newly-seated City Council shall determine the interview schedule.

2. The vacancy shall be advertised in the Palos Verdes *Peninsula News*, *Daily Breeze* and LA *Times* newspapers. Advertising may take the form of a press release. Additionally, the vacancy shall be posted at the City's regular posting places and be placed on the Government Access Reader Board. The City Clerk shall include a summary of duties in the recruitment flyer, press release and any other recruitment material. A deadline for receipt of applications will be established by the City Council.

3. Interested applicants, including incumbents seeking reappointment, will be required to fill out applications.

4. Applications will be reviewed by the City Council. Each applicant shall be interviewed by the City Council and appointments made at a public meeting.

Interview Process

1. Interviews of applicants for Boards will be conducted by the City Council in small groups on a schedule to be established by the Council.

2. The City Clerk will notify applicants of their interview times and advise them of their status during the selection process.

3. The City Clerk will advise successful applicants of the opportunity to be interviewed for Chair if they so desire. The City Clerk will notify applicants for Chair of their interview times and advise them of their status in the selection process.

4. The City Clerk will provide new Board members a copy of the Commission and Committee Handbook and Statement of Economic Interest forms if applicable to their Board appointment.

5. The City Attorney will brief new Board members of their responsibilities under the Brown Act and Conflict of Interest Laws and other legal obligations mandated by their appointment.

BACKGROUND:

On December 4, 2001, January 12, 2002, January 31, 2002, and September 16, 2003 the City Council considered the process for recruitment and selection of City Commission and Committee members. After discussing various alternatives, the Council agreed on September 16, 2003 to the procedure contained in this policy in order to encourage residents to apply for and serve on

City Boards, to create a procedure that allows the City Council to become familiar with the applicant's qualifications, and to maintain continuity on the various Boards by staggering the terms of service.

CITY COUNCIL POLICY

NUMBER: 7

DATE ADOPTED/AMENDED: 07/07/92 (Amended 11/19/02)

SUBJECT: Preparation and Distribution of Agenda Press Packages

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POLICY:

It shall be the policy of the City Council relating to the preparation and distribution of City Council, Committee and Commission agenda press packages, that free agenda press packages will be made available to newspapers of general circulation within the City of Rancho Palos Verdes which meet the following criteria:

1. Must have a minimum of twice per week circulation;

2. Must have a paid circulation of no less than 3,000 subscribers;

3. Agents of the paper must pick up their agenda packages by Wednesday following the meeting. Failure to pick up the package more than two times will make the paper ineligible for continued distribution. The City Clerk may reinstate distribution, in the above case, if a request is received, in writing indicating a willingness to comply with the adopted policy.

BACKGROUND:

Due to continued budget constraints, the City Council recognized the need to establish policy guidelines for the continued free distribution of agenda packages.

CITY COUNCIL POLICY

NUMBER: 8

DATE ADOPTED/AMENDED: 09/29/92 (Amended 03/19/02)

SUBJECT: Weekly Administrative Reports

POLICY:

It shall be the policy of the City Council that the Weekly Administrative Report shall be produced weekly by the City Manager's Department and a copy distributed to the following persons:

Mayor and City Council
Department Heads
Chairperson of each Commission/Commission

BACKGROUND:

The City Council recognized the need to establish the persons who are eligible to receive the Weekly Administrative Report produced by the City Manager's Department.

CITY COUNCIL POLICY

NUMBER: 9

DATE ADOPTED/AMENDED: 08/06/02

SUBJECT: Supporting Participation by Residents in Government against Intimidation Caused by Lawsuits Naming Individuals

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POLICY:

The City of Rancho Palos Verdes depends on its residents to volunteer to provide the leadership roles that govern our City. The City regards the inclusion as defendants in lawsuits against the City of individual City Council members, Commission members, Committee members, and similar resident volunteers who participate in the City's decision making processes as a tactic that is designed to intimidate and chill the participation of the City's residents in the democratic process, which is an infringement of rights that are protected by the constitutions of the United States and the State of California. As such, when determined by the City Council, on a case-by-case basis, to be consistent with existing law, the City will defend and indemnify City Council members, Commission members and Committee members, and will vigorously use all legal tools, including Code of Civil Procedure § 425.16 (the "Anti-SLAPP" statute) to assert the rights of such individuals to participate in government without fear of intimidation from lawsuits filed as a result of decisions that they make on behalf of the City. The City shall seek to obtain the full relief afforded to it and the individuals, including the right to attorney's fees under C.C.P. § 425.16(c).

Upon receipt by the City Clerk of any lawsuit naming an individual City Council member, Commission member or Committee member as a defendant, the City Clerk shall mail to the attorney for plaintiff (or plaintiff, if not represented by counsel) a copy of this policy, alerting such person to the policy of the City.

BACKGROUND:

The City has seen a recent increase in the inclusion of individual City Council members and Commissioners as defendants in lawsuits filed against the City or its agencies as a result of the participation of those individuals in the decisions made by the City bodies on which they serve. Although the City typically defends and indemnifies its resident volunteers, the Council felt that a bold, clear, unequivocal statement was in order that whenever it is consistent with existing law, the City will vigorously defend its resident volunteers serving on its City Council, Commissions and Committees, including the forceful protection of their individual rights under our democratic principles to participate in local government, and to do so without fear that they shall be sued.

CITY COUNCIL POLICY

NUMBER: 10

DATE ADOPTED/AMENDED: 09/29/92 (Amended 03/19/02)

SUBJECT: City Council/Committee/Community Recognition Program

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POLICY:

It shall be the policy of the City Council to recognize members of the City Council, commissions and committees upon their retirement provided that they have served their full term, as well as members of the community at large for significant achievements.

- City Council Members: with a plaque large enough to accommodate the mounting of a City Council badge and an inscription the noting term of service.

- Committee/Commission Members: with a proclamation or City tile at the request of the Mayor.

Additionally, staff shall prepare a proclamation, letter of commendation, engraved City tile or miscellaneous item of award for community persons at large at the request of the Mayor or City Council members with concurrence of the Mayor, to recognize significant achievements in the community.

BACKGROUND:

The City Council addressed the need to recognize significant achievements in the community.

CITY COUNCIL POLICY

NUMBER: 11

DATE ADOPTED/AMENDED: 09/29/92 (Amended 02/19/02)

SUBJECT: Employee Recognition Program

POLICY:

It shall be the policy of the City Council to recognize City employees for milestone full-time years of service as follows:

5 Years of Service to City – Gold Recognition Pin
10 Years of Service to City – Gold Recognition Pin w/ one gem
15 Years of Service to City – Gold Recognition Pin w/ two gems
20 Years of Service to City – Gold Recognition Pin w/ three gems
25 Years of Service to City – Gold Recognition Pin w/ four gems

BACKGROUND:

The City Council recognized the need to recognize significant full-time employee anniversaries.

CITY COUNCIL POLICY

NUMBER: 12

DATE ADOPTED/AMENDED: 09/29/92

SUBJECT: Procedures for Vacation of City Rights-of-Way and Easements

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POLICY:

It shall be the policy of the City Council to follow the procedures outlined in Resolution No. 90-93 (attached) with regard to the vacation of City rights-of-way and easements.

BACKGROUND:

In December 1990, the City Council adopted Resolution No. 90-93 establishing the right-of-way vacation procedures. The item is brought back on this date to simply codify the existing policy into the new policy handbook.

RESOLUTION NO. 90-93

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES ESTABLISHING PROCEDURES FOR VACATION OF CITY RIGHT-OF-WAY AND EASEMENTS

WHEREAS, the City Council of the City of Rancho Palos Verdes has determined a requirement for establishing definite rules and procedures for vacation of City right-of-way and easements; and

WHEREAS, the City Council of the City of Rancho Palos Verdes has determined that said rules and procedures can best be established by setting them forth in a duly adopted City Resolution;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES DOES HEREBY RESOLVE TO OPERATE AS FOLLOWS:

Section 1: Request for Vacation. A request for vacation of City right-of-way or easement shall be in writing to the Director of Public Works and shall include the following;

a) Name, address and phone number of the person(s) making the request.

b) A map clearly defining the area covered by the request and intended use of said area.

c) Justification for the requested action.

d) Signatures of at least 50% of the directly affected property owners, as determined by the Director of Public Works.

Section 2: Initial Review. Staff will review the application and present it at the first available Council meeting. Council will then decide if the request is to be pursued.

Section 3: Vacation Procedure. If Council agrees to proceed with the vacation, the following procedure shall be followed;

a) Review Fee - A trust deposit account will be required by the applicant, once Council has decided to proceed with the vacation investigation. Charges against this trust deposit will only be for work expended on the project. Deposit amount to be $2,000.00.

b) Title Report - A title report will be commissioned to determine underlying fee of the property in question and paid by the applicant.

c) Committee Review - The request will then be reviewed by the appropriate committees and recommendations forwarded to Council.

d) Intent to Vacate - The findings of staff and the committees will be presented to Council for adoption of resolution of "Intent to Vacate" or denial of the request.

e) Utilities - All utilities will be notified so that existing facilities can be protected.

f) Planning Commission - The Planning Commission will review the project to determine its compatibility with the City's general plan.

g) Conditions of Approval - Staff will prepare a set of conditions of approval for Council's review.

h) Vacation - Council will deny the request or adopt a resolution of vacation. Staff will prepare legal descriptions and documents. Once the conditions of approval have been met, the notice of vacation will be filed.

i) Excess Funds - Any funds left in the trust deposit shall be returned to the applicant.

Section 4: These procedures shall be implemented in compliance with provisions as contained in the Streets and Highways Code.

PASSED, APPROVED AND ADOPTED THIS 18th DAY OF DECEMBER, 1990.

MAYOR

ATTEST:

City Clerk

State of California)
County of Los Angeles) ss
City of Rancho Palos Verdes)

I, JO PURCELL, City Clerk of the City of Rancho Palos Verdes, hereby certify that the above Resolution No. 90-93 was duly and regularly passed and adopted by the said City Council at a regular meeting thereof held on December 18, 1990.

City Clerk
City of Rancho Palos Verdes

CITY COUNCIL POLICY

NUMBER: 13

DATE ADOPTED/AMENDED: 09/29/92

SUBJECT: Contractor Storage at City Hall Site

POLICY:

It shall be the policy of the City Council that contractors conducting business with the City of Rancho Palos Verdes may lease space for storage of equipment and materials at the City Hall site under the following conditions:

1) The privilege of storing materials at the City Hall site shall be limited to contractors employed by the City of Rancho Palos Verdes on Public Works Department projects.

2) Contractors must enter into a temporary lease agreement with the City in order to store materials at the storage site. A standard lease agreement developed by the City Attorney will be used that includes hold-harmless, property damage and general liability provisions.

3) The storage site shall be limited to the shaded areas outlined in Exhibit “A”.

4) The storage space shall be leased for $500.00 per month or $0.07 per square foot per month, whichever is greater.

5) Requests to utilize the site for storage shall be reviewed and administered by the Public Works Director or his/her designee.

BACKGROUND:

In September 1990, the City Council adopted the policy outlined above to address the need to control contractor storage at the City Hall site. It is brought back on this date to simply codify the existing policy into the new policy handbook.

EXHIBIT “A”

MISSING

CITY COUNCIL POLICY

NUMBER: 14

DATE ADOPTED/AMENDED: 09/29/92

SUBJECT: Field Use – AYSO Region 11

POLICY:

It shall be the policy of the City Council to permit use of city soccer fields by AYSO Region 11 consistent with the following guidelines:

- AYSO Region 11 shall qualify as a Group III user as defined in the city's Public Facilities Reservation and Fee Policy and shall be subject to an hourly rate of $3.75 for scheduled games and $2.00 for scheduled practices. The rates shall be applicable per hour/per field use.

- Region 11 shall complete in full an application for field use and shall include a schedule of practice uses and game play. Such application and schedules must be received by the Director of Recreation and Parks or a designated staff member no later than August 15th each year.

- Region 11 shall be considered a priority user of the Portuguese Bend Fields and as such other uses of the fields will not be scheduled during soccer season (September 1st – December 31st) prior to August 15th. After August 15th, the fields will be scheduled on a first-come first-served basis on any data then open in order to maximize opportunities for field use by all interested user groups.

- Region 11 shall notify the designated staff member of any change in their use of the fields, especially canceled dates. Five working days notice is required in order to provide other groups an opportunity to use the fields if the need exists. In the event notice is not provided, Region 11 will be billed for the data as though it had been used.

- The Director of Recreation and Parks or the designated staff member shall be notified by March 1 each year of the name, address and telephone number of the Commissioner for Region 11 to facilitate scheduling of meetings and communication with the organization.

- Keys/combination to gate locks will be issued to the AYSO Region 11 Commissioner upon completion of the application. The keys/combination are to be issued to adults only, (in the case of keys) are not to be duplicated, and it shall be the responsibility of Region 11 to open and

secure the gates at the end of Forrestal Drive and at the end of the service road accessing the fields prior to and at the conclusion of each field use. If keys are issued, they shall be returned to the Director of Recreation and Parks at the end of the season.

- Recreation staff will be not assigned during the hours that the Ladera Linda Community Center is not normally open and staffed.

- The Director of Recreation and Parks or a designated staff member will meet with the Commissioner and coaches of Region 11 at the beginning of each season to discuss vandalism to the facility which has been experienced as a result of AYSO use, and discuss methods to educate parents, players and visiting teams. Every effort is to be made by Region 11 officials to prevent players from engaging in activities such as throwing rocks down the hill at the homes below, running on and in plated slopes, vandalizing parcourse stations, etc.

- Any property damage caused in connection with AYSO's use of the facility will be repaired by the City and the associated costs billed to Region 11, including direct costs as well as City overhead costs. Until payment is received, the City shall have the right to cancel the group's current use permit, if multiple, and reject any further applications. The standard security deposit of $175 will be waived for Region 11. Should problems arise which justify the reestablishment of a deposit, the Director of Recreation and Parks shall report such incidents to the City Manager who will recommend to the Council changes to the policy.

- Region 11 will be billed for the facility use at the conclusion of the season for which the permit has been issued. Payment terms are net 30 days.

BACKGROUND:

AYSO Region 11 has a long history of contributions of labor and cash toward the construction and maintenance of the Portuguese Bend Fields. Council wishes to recognize that contribution by providing for Region 11 use of the fields with special provisions beyond those contained in the City's Public Facilities Use and Fee Policy.

CITY COUNCIL POLICY

NUMBER: 15

DATE ADOPTED/AMENDED: 09/29/92

SUBJECT: Security Deposit – AYSO Region 10

POLICY:

It shall be the policy of the City Council to waive the standard $175 security deposit for AYSO Region 10 consistent with the practice of waiving the deposit for AYSO Region 11.

BACKGROUND:

The City Council recognized the need to give staff direction with regard to the waiving of security deposits for certain regions of AYSO.

CITY COUNCIL POLICY

NUMBER: 16 (Repealed 5/1/12)

DATE ADOPTED/AMENDED: 09/29/92 (amended 7/21/98, 5/18/99 and 2/17/04; augmented and clarified 3/6/07 by Resolution No. 2007-24; repealed and replaced 5/1/12 by Resolution No. 2012-31)

SUBJECT: ~~Travel and Meetings~~ Expense Reimbursement and Use of Public Resources

BACKGROUND:

The City Council recognized the need to establish a travel policy to assure the needs of the City are being met while limiting unnecessary expenditures. Policy No. 16 was originally adopted in 1992. The policy was amended in 1998, 1999 and 2004. In 2007, the City Council adopted Resolution No. 2007-24, which sought to amend and restate City Council Policy No. 16 as the City's "Expense Reimbursement and Use of Public Resources Policy." In 2012, the City Council subsequently adopted Resolution No. 2012-31, which repealed and replaced both City Council Policy No. 16 and Resolution No. 2007-24.

POLICY:

The City's Expense Reimbursement and Use of Public Resources Policy is articulated in Resolution No. 2012-31, as adopted by the City Council on May 1, 2012, and attached hereto.

Attachment:
Resolution No. 2012-31

~~It shall be the policy of the City Council that the following procedures shall be followed by the City Council and its Committee/Commission(s) and City staff with regard to travel.~~

~~A. For purposes of this policy, the term "local meeting" shall be used for all meetings within the greater Los Angeles area that do not require an overnight stay. The term "conference" shall be used for all meetings beyond the greater Los Angeles area that require an overnight stay to be on time for the start of the meeting. The greater Los Angeles areas shall be defined as a destination within 50 miles of Rancho Palos Verdes.~~

~~B. As part of the annual budget adoption, the City Council shall approve an amount for each Council member for routine travel expenses ("standard travel budget"). At the~~

~~same time, the Council may also establish a discretionary travel pool. If established, an application by the Mayor or any Council members to use this discretionary pool may be approved by a majority vote of the Council in addition to their standard travel budget when the Council member's individual standard travel budget is depleted.~~

~~C. All meetings, whether one day local meetings or conferences, must have budgeted funds available for reimbursement or advance registration. If funding is not available, the attendee must obtain approval from the City Council at a duly convened meeting and a budget adjustment must be made.~~

~~D. All local meeting and conference attendance shall be for City business affiliated matters only and eligible costs associated with such travel shall be charged against each individual Council member's travel budget, or charged against the discretionary pool described in section (B), when the Council member's individual standard travel budget is depleted.~~

~~Should a Council member serve on an official committee of the organizations listed under the "Conferences" heading, item (3), or be assigned by the City Council or the Mayor to attend a special meeting on behalf of the City, he or she is then eligible to have the costs associated with official or special committee meetings charged against that City Council members travel account, or charged against the discretionary pool described in section (B), when the Council member's individual standard travel budget is depleted.~~

~~E. Registration fees and expenses incurred at local meetings and conferences must be made under the following conditions to be reimbursed:~~

~~LOCAL MEETING:~~

~~1) Local meetings include, but are not limited to, the following:~~

~~a) Older Americans Recognition Luncheon~~
~~b) Good Scout Awards Dinner~~
~~c) Peninsula Seniors Events~~
~~d) Peninsula Chamber of Commerce Events~~
~~e) Torrance Area Chamber of Commerce Luncheon~~
~~f) San Pedro Chamber of Commerce Luncheon~~
~~g) CAP Dinner~~
~~h) Palos Verdes Peninsula Land Conservancy Events~~
~~i) California League of Cities Events~~
~~j) Marymount College Events~~

~~k) Any event where the City Council is presenting a proclamation~~
~~l) The Peninsula Mayor's luncheon~~

~~2) Generally, notification of intent to attend should be made prior to the scheduled departure in order to provide the necessary time for staff to make the appropriate arrangements.~~

~~3) Reimbursement or pre-registration for a local meeting shall be limited to the authorized attendees only. In cases where the City Council is presenting a proclamation, reimbursement shall be provided for each Councilmember attending the local meeting. Expenses for spouses and/or guests shall be paid for by attendees and are not reimbursable.~~

~~4) Meals associated with a particular meeting, such as the League of California Cities monthly meetings, or local events such as the Educator of the Year Awards banquet, are reimbursable, provided that supportive receipts or other documentation is submitted. It should be noted that the Attorney General and the District Attorney are interpreting the Government Code as precluding the City from reimbursing Council Members for their expenses in purchasing meals for third parties, such as constituents, legislators and private business owners, at meetings held to discuss legislation or other matters affecting the City.~~

~~5) The cost of parking in parking lots or parking garages is reimbursable, provided that supportive receipts or other documentation is submitted.~~

~~6) Except as noted above, any other travel expenses, including mileage, incurred by attendance at a local meeting that does not require an overnight stay shall be at the attendees' expense. However, mileage reimbursement will be allowed for local meetings, which involve a round trip of more than 50 miles, provided supportive receipts or other documentation is submitted.~~

~~CONFERENCE:~~

~~1) Generally, notification of intent to attend must be made prior to the scheduled departure in order to provide the necessary time for staff to make the appropriate arrangements.~~

~~2) Reimbursement for pre-registration for a conference shall be limited to authorized attendees only. Expenses for spouses and/or guests shall be paid by attendees and are not reimbursable. Requests for reimbursement should be submitted to the Finance Department within 30 days of the conclusion of the conference by the attendee.~~

~~3) Conference attendance is limited to sponsorship by the following organizations:~~

~~a) League of California Cities~~
~~b) California Contract Cities~~
~~c) Southern California Assn. of Governments~~
~~d) California Joint Powers Insurance Agency~~
~~e) South Bay Cities Council of Governments~~
~~f) Other organizations of which the City is a member or conferences for which funds have been approved in the annual operating budgets.~~

~~Attendance at conferences (whether in-state or out-of state) sponsored by other organizations not listed above, must be approved by the City Council at a duly convened meeting. If approval is not obtained prior to the event, approval for any such reimbursement may be obtained through approval of the warrant register.~~

~~4) Hotel charges will be allowed at the regular rate for a single occupant. If the hotel imposes a fee for an additional guest in the room, the attendee shall pay the difference. Attendees are required to provide the hotel with a letter advising them that the elected officials, committee members and employees of the City of Rancho Palos Verdes are exempt from transient occupancy tax (TOT) charges while conducting official business on behalf of the City.~~

~~5) Attendee is not eligible for reimbursement for hotel charges incurred prior to the official first day of a conference or other scheduled City business unless it would be an inconvenience for the attendee to arrive on the first day of a conference that begins in the morning. In these cases, the attendee shall be eligible for reimbursement for hotel charges for one night prior to the official first day of the conference.~~

~~6) Shuttle service to and from the airport and hotel is eligible for reimbursement. To be reimbursed for the direct costs, attendee shall submit all supportive receipts and request reimbursement using City expense report forms.~~

~~7) Rental car expenses may be reimbursed when it can be shown that the circumstances justify the need for such transportation. When choosing to rent a car over other forms of transportation, expenses claimed should be ordinary, necessary and for a reasonable amount.~~

~~8) Charges covering laundry, dry cleaning, room service, personal telephone calls, rental car expenses not covered by item (7) above and personal entertainment are not eligible for reimbursement. However, a phone call to a family member at home is allowed to announce the safe arrival and departure time of the attendee.~~

~~9) Air transportation for travel beyond the greater Los Angeles area shall be computed on the basis of the cost of coach class air travel, using the shortest and most direct route. Air travel shall be by the lowest cost scheduled carrier that reasonably meets the schedule of the traveler. If the attendee wishes to travel by automobile instead of by plane outside Southern California, he or she may do so. Reimbursement will be the prescribed mileage or the cost of round-trip airfare to and from the destination, which ever is the lowest cost.~~

~~F. Use of funds for City Committee/Commission member attendance at local meetings and conferences must be budgeted by the City Council. If travel is approved, the Committee/ Commission member(s) shall follow the standard travel procedures as outlined in the above procedures. Expenses claimed will be ordinary, necessary and for a reasonable amount.~~

~~G. Use of funds for City Staff attendance at local meetings and conferences must be budgeted by the City Council. If travel is approved, the City staff member(s) shall follow the standard travel procedures as outlined in the above procedures. Expenses claimed will be ordinary, necessary and for a reasonable price~~

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RESOLUTION NO. 2012-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES AMENDING AND RESTATING ITS EXPENSE REIMBURSEMENT AND USE OF PUBLIC RESOURCES POLICY AND REPEALING AND REPLACING COUNCIL POLICY NO. 16 AND RESOLUTION NO. 2007-24.

A. The City Council of the City of Rancho Palos Verdes takes its stewardship over the use of its limited public resources seriously. Periodically, the City Council has adopted policies relating to expenses actually and necessarily incurred by public officials in connection with their official duties on City business. In 2004, the City Council amended City Council Policy No. 16, which is the City policy regarding the reimbursement of City Council Members and members of City commissions and committees for expenditures incurred for travel and meetings and guidelines regarding reimbursement for expenses incurred in connection with City business. In 2007, the City Council adopted a resolution to clarify and augment those policies in order to comply with state legislation that had been adopted, Government Code Section 53232, et seq.

B. Due to some changes to City policies, including the adoption of Ordinance 500 establishing Council salaries, the City Council desires to amend its policies again to ensure that they are current and to remove redundant provisions that may cause confusion. Accordingly, this resolution shall repeal and replace City Council Policy No. 16 and Resolution No. 2007-24.

C. The City of Rancho Palos Verdes has a history and practice of limiting expenses that may be incurred by City Council Members, members of City commissions and committees, and employees for travel and related conference expenses. In addition, the City always has required such expenses to be reasonably incurred in the conduct of the City's business, in accordance with the requirements of previously existing law.

D. State law was amended to mandate that cities adopt written expense reimbursement policies that apply to members of the City Council and members of other City commissions and committees.

E. The City Council finds that there are benefits to the City if the City reimburses City Councilmembers and members of other City commissions and committees for their actual and necessary expenses incurred in connection with the City's business. Those benefits include:

1. The opportunity to discuss the community's concerns with state and federal officials;

2. Participating in regional, state and national organizations whose activities affect the City;

3. Attending educational seminars designed to improve officials' skill and information levels; and

4. Promoting public service and morale by recognizing such service.

F. Legislative and other regional, state and federal agency business is frequently conducted over meals. Sharing a meal with regional, state and federal officials is frequently the best opportunity for a more extensive, focused and uninterrupted communication about the City's policy concerns. Each meal expenditure must comply with the limits and reporting requirements of this policy and applicable local, state and federal law.

G. This policy provides guidance to the City's elected and appointed officials on the use and expenditure of City resources, as well as the standards against which expenditures will be measured. This policy satisfies the requirements of Gov't Code §§ 53232.2 and 53233.3, supplements the definition of actual and necessary expenses for purposes of state law relating to permissible uses of public resources, and supplements the definition of necessary and reasonable expenses for purposes of federal and state income tax laws. The policy also applies to any charges made using a City credit card or any other forms of payment.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES HEREBY FINDS, RESOLVES AND ORDERS:

Section 1. Statement of Policy. This policy shall apply to the use of City funds and the reimbursement of expenditures incurred by the members of the City Council and the members of other City commissions and committees (sometimes referred to hereinafter as "public officials.") This policy does not apply to other public officials and employees of the City who are not members of legislative bodies of the City and are governed by the City's personnel rules.

Section 2. Annual Budget. The City Council shall approve an annual budget, prepared by the City Manager, for travel and meeting attendance, including local meetings and overnight travel, by City officials, including an annual budget for each City Council Member. All other expenses for overnight trips, conferences and events that exceed or are not approved as part of the standard travel budget shall only be funded upon prior approval by a majority of the City Council at a duly noticed City Council meeting.

Section 3. Definitions. For purposes of this policy, the term "local meeting" shall be used for all meetings within the greater Los Angeles area that do not require an overnight stay. The term "conference" shall be used for all meetings beyond the greater Los Angeles area that require an overnight stay to be on time for the start of the meeting. The greater Los Angeles area shall be defined as a destination within 50 miles of Rancho Palos Verdes.

Section 4. Authorized Expenses. City funds, equipment, supplies and staff time must only be used in connection with City-related business. Expenses incurred by public officials in connection with the following types of activities constitute authorized expenses, and may be reimbursed by the City as long as the other requirements of this policy are met:

1. Serving the needs of the residents, businesses and visitors of the City.

2. Communicating with constituents in compliance with applicable laws.

3. Communicating with representatives of regional, state and national government on City policy positions.

4. Attending educational seminars designed to improve public officials' skill, knowledge, and information levels.

5. Participating in regional, state and national organizations whose activities benefit or affect the City's interests.

6. Recognizing service to the City (for example, thanking a longtime employee with a retirement gift, celebration or award of nominal value and cost or attending a local meeting to present a City proclamation to an individual or group).

7. Attending City, community, regional and other events.

8. Gathering facts and information regarding City projects, issues and priorities in other jurisdictions.

9. Implementing a City-initiated strategy for attracting or retaining businesses to the City.

10. Attending meetings for which a meeting stipend is expressly authorized under this policy.

Section 5. Council approval required. The reimbursement of an expense in excess of the amounts authorized in this policy or in the City's annual budget, incurred in connection with international or out-of-state travel, or in excess of the annual limits established for each office holder shall require prior approval by a majority of the City Council at a duly noticed City Council meeting.

Section 6. Non-reimbursable expenses. Examples of personal expenses that the City will not reimburse include:

1. The personal portion of any trip, such as charges for laundry service, dry cleaning, room service, and personal telephone calls.

2. Political or charitable contributions.

3. Family expenses, including a spouse or partner's expenses when accompanying a City official on City-related business, as well as expenses related to children or pets.

4. Entertainment expenses (e.g. theater, movies, in-room movies and video games, recreation, gym fees and massage expenses, or cultural events not related to City business).

5. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline.

6. Personal losses incurred while on City business.

7. Mileage incurred by City Council Members to attend local meetings shall be at the attendee's expense.

8. In accordance with the interpretation of the California Attorney General and the Los Angeles County District Attorney, Council Members shall not be reimbursed for their expenses in purchasing meals for third parties, such as constituents, legislators, and private business owners, at meetings held to discuss legislation or other matters affecting the City.

Section 7. Use of Accounting Procedures. The City shall follow established accounting procedures of the City for payment and/or reimbursement of expenses related to travel and meeting attendance. Eligible costs associated with City-related business shall be charged against each individual Council Member's budget, or in the case of City commissions and committees, against the budget for that particular commission or committee. Generally, notification of the attendee's intent to attend should be made prior to the scheduled departure or meeting date in order to provide the necessary time for staff to make appropriate arrangements. All meetings, regardless of whether one-day local meetings or conferences, must have budgeted funds available for reimbursement or advance registration. If funding is not available, the attendee must obtain prior approval from the City Council at a duly convened meeting, and a corresponding budget adjustment also must be approved. City Council members shall submit reservation requests or receipts to the City Manager's Office, which will prepare the warrant request for payment or reimbursement relating to City Council travel and meeting attendance. Travel and meeting expenses reimbursed by other agencies are not subject to reimbursement by the City. Any questions regarding the propriety of a particular type of expense shall be submitted to the City Council for determination before the expense is incurred.

Section 8. Cost Control. To conserve City resources and keep expenses within community standards for public officials, expenditures shall adhere to the following guidelines. All expenses must be ordinary, necessary and reasonable amounts. Any expenses incurred that exceed these guidelines must be approved in advance by a majority of the City Council at a duly noticed City Council meeting.

1. Transportation. The City will use the most economical mode and class of transportation reasonably consistent with the City official's scheduling needs, time constraints, and cargo space requirements, using the most direct and time-efficient route. Government and group rates will be used when available. The City Council recognizes that certain public officials are part-time volunteers, and that other commitments may impact the economy of available travel arrangements.

a. Airfare. Airfares that are equal to or less than those available through the Enhanced Local Government Airfare Program offered through the League of California Cities (www.cacities.org/travel), shall be, in most normal circumstances, presumed to be the most economical and reasonable for purposes of reimbursement under this policy. The City Council recognizes and acknowledges that such airfares are not always practicable or available in certain limited circumstances, and finds that higher airfares may be appropriate in individual cases, in which case, air travel shall be by the lowest cost scheduled carrier that reasonably meets the schedule of the traveler. If the attendee wishes to travel by automobile instead of by plane outside of Southern California, he or she may do so. Reimbursement will be the lower of the prescribed mileage allowance or the cost of the round-trip airfare to and from the destination, as permitted by this paragraph.

b. Automobile. The City Council finds that the use of an automobile is essential to the performance of the functions of a member of the City Council and the Planning Commission in the City of Rancho Palos Verdes and shall pay a monthly salary to Councilmembers and Planning Commissioners. Pursuant to Government Code Section 1223, the salary for Planning Commissioners is hereby established at $135.00 per month to compensate Planning Commissioners for their local automobile travel on Planning Commission-related business within the City. By Ordinance No. 500, the City Council has established a monthly salary for City Council Members, in accordance with the provisions of Government Code Section 36516, to compensate Council Members for their local automobile travel on City-related business within the City and within fifty miles of the City. Personal automobile travel for City Councilmembers more than fifty miles from the City shall be reimbursed based on the number of miles traveled and at Internal Revenue Service rates presently in effect (see www.irs.gov). These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable. The Internal Revenue Service rates will

not be paid for local rental vehicles; only receipted fuel expenses will be reimbursed.

c. Car Rental. Charges for rental vehicles (e.g. rental rate, applicable taxes and insurance, receipted fuel expenses) may be reimbursed for out of town travel, if renting a rental vehicle is more economical than other forms of transportation. In making such determination, the cost of the rental vehicle, parking and gasoline will be compared to the combined cost of such other forms of transportation. Rental rates that are equal to or less than those available through the State of California's website (http://www.catravelsmart.com/default.htm) shall be considered the most economical and reasonable for purposes of reimbursement under this policy, but higher rates may be appropriate. Where feasible, City officials shall share a rental car.

d. Taxis/Shuttles. Taxis/shuttles fares may be reimbursed, including a 15 percent tip, where the fare is equal to or less than the cost of car rentals, gasoline and parking combined or such transportation is necessary for time-efficiency.

2. Lodging. Lodging expenses will be reimbursed or paid for when travel on official City business reasonably requires an overnight stay. An attendee is not eligible for reimbursement for hotel charges incurred prior to the official first day of a conference or other scheduled City business event, unless it would be an inconvenience for the attendee to arrive on the first day of a conference that begins in the morning. In these cases, the attendee shall be eligible for reimbursement for hotel charges for one night prior to the official first day of the conference. Attendees are required to provide the hotel with a letter advising the hotel that the elected or appointed officials are exempt from transient occupancy tax (TOT) charges while conducting official business on behalf of the City.

a. Conferences/Meetings. If such lodging is in connection with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question if such rates are available at the time of booking. If the group rate is not available, see next paragraph.

b. Other Lodging. Travelers must request government lodging rates, when available. A listing of hotels offering government rates in different areas is available at http://www.catravelsmart.com/lodguideframes.htm. Lodging rates that are equal to or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the median retail price for lodging for that area listed on websites like www.hotels.com or www.expedia.com or an equivalent service shall be considered reasonable and hence reimbursable if, given the circumstances of the travel, such comparable rates can be found. In unique circumstances, the City Manager may approve the reimbursement of reasonable lodging costs that

exceed the two standards above, if necessary under the circumstances.

3. Meals. City officials shall take, when available, meals provided as part of a conference registration fee. For fiscal year 2011-2012, reimbursable meal expenses and associated gratuities shall not exceed $80 per day and must be documented by receipts. Such amount will be adjusted annually without further action by the Council to reflect changes in the cost of living in accordance with statistics published by the U. S. Department of Labor, Bureau of Labor Statistics Consumer Price Index, all urban consumers for the Los Angeles Metropolitan Area, for the twelve months ending on May 31st of each year for the following fiscal year.

4. Telephone/Fax/Cellular. Officials will be reimbursed for all actual telephone and fax expenses incurred while on City business. Telephone bills shall identify which calls were made in connection with City business. The City may provide cellular telephones or personal digitial assistance devices (pda's) at the City's cost for the use of public officials for City business, which shall be addressed in a separate City policy.

5. Internet. City officials will be reimbursed for Internet access connection and/or usage fees away from home, not to exceed $15.00 per day, if Internet access is necessary for City-related business.

6. Airport Parking and Other Charges. The City will reimburse: parking costs based on actual costs or the equivalent of long-term parking rates used for travel exceeding 24-hours; baggage handling fees; and reasonable gratuities.

Section 9. Cash Advance Policy. It may be necessary for an official to request a cash advance to cover anticipated expenses and per diem expenses while traveling or doing business on the City's behalf. Any request for an advance should be submitted to the Finance Department not less than 5 days prior to the need for the advance with the following information:

1. The purpose of the expenditure(s);

2. The benefits of such expenditure to the residents of City;

3. The anticipated amount of the expenditure(s) (for example, hotel rates, meal costs, and transportation expenses); and

4. The dates of the expenditure(s).

Any unused advance must be returned to the City treasury within 5 business days of the official's return, along with an expense report and receipts documenting how the advance was used in compliance with this expense policy. For the City Manager and elected and appointed officials, the City Council shall make the final decision regarding compliance with this policy, if necessary.

Section 10. Credit Card Use Policy. City officials may use the City's credit card for such purposes as airline tickets, meals and hotel reservations by following the same procedures for cash advances. Receipts documenting expenses incurred on the City credit card and compliance with this policy must be submitted within ten days of the end of use. City credit cards may not be used at any time for personal expenses, even if the official subsequently reimburses the City.

Section 11. Expense Report Content and Submission Deadline. All cash advance expenditures, credit card expenditures and expense reimbursement requests must be submitted on an expense report form provided by the City and shall be accompanied by receipts, invoices and other supporting documentation. Expense reports must document that the expense in question satisfies the requirements of this policy. The form shall include the following advisory:

All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form and the supporting documentation are public records, which will be retained by the City in accordance with the City's document retention schedule. Penalties for misusing public resources and violating the city's policies include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability.

Except as required sooner by this policy, officials must submit their expense reports within 30 calendar days of an expense being incurred, accompanied by receipts documenting each expense. Restaurant receipts, in addition to any credit card receipts, must be submitted. The inability to provide such documentation in a timely fashion may result in the expense being borne by the official.

Section 12. Verification of Expense Reports. All expenses are subject to verification that they comply with this policy. The City Council and/or the Director of Finance or his/her designee may request additional documentation or explanation of individual expenditures for which reimbursement is requested by a public official.

Section 13. Reports To the Public. At a subsequent City Council meeting, each public official shall briefly report, orally or in writing, on meetings attended at City expense. If multiple officials attended an event, a joint report or individual report on behalf of all attendees may be made.

Section 14. Compliance With Laws. Some expenditures may be subject to reporting under the Political Reform Act and other laws. Records of all City expenditures and documentation regarding expense reimbursements are public records subject to disclosure under the Public Records Act.

Section 15. Repeal and replacement of City Council Policy 16 and Resolution No. 2007-24. City Council Policy No. 16 and Resolution No. 2007-24 are hereby repealed and replaced by this Resolution.

Section 16. The City Clerk shall certify to the passage and adoption of this resolution.

PASSED, APPROVED AND ADOPTED this 1st day of May 2012.

Anthony Misetich
Mayor

ATTEST:

Carla Morreale
City Clerk

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)
CITY OF RANCHO PALOS VERDES)

I, Carla Morreale, City Clerk of the City of Rancho Palos Verdes, California, do hereby certify that the foregoing Resolution No. 2012-31 was duly and regularly passed and adopted by said City Council at a regular meeting thereof held on May 1, 2012.

Carla Morreale
City Clerk

CITY COUNCIL POLICY

NUMBER: 17

DATE ADOPTED/AMENDED: 09/29/92 (Amended 03/02/93 and 03/19/02)

SUBJECT: Procedure for Audience to Address City Council

POLICY:

It shall be the policy of the City Council to follow the procedures established under Resolution No. 2000-01, Exhibit "A", Subjects 5.5 – 6.5 "Citizens' Rights" with regard to addressing the Council. Additionally, it shall be the policy of the City Council that the procedures outlined in Resolution No. 2000-01, Exhibit "A" be included on the agenda cover sheet by the City Clerk to give direction to members of the public who wish to address the City Council at meetings.

BACKGROUND:

The City Council recognized the need to establish guidelines to assist in the completion of agenda items in a time manner while allowing the public to comment and address various issues.

CITY COUNCIL RULES OF PROCEDURE
ADOPTED JUNE 18, 2000
EXCERPT FROM RESOLUTION 2000–01, EXHIBIT "A"

5.5 Public Comments – (also see Citizen's Rights)

During Public Comments any person may address the Council, provided that the item is within the subject matter jurisdiction of the Council and is not otherwise on the agenda.

6 CITIZENS' RIGHTS

6.1 Addressing the Council

1. Any person may address the Council on the following portions of the agenda:

   (a) Public Comments as provided in Section 5.5.
   (b) Public Hearings as provided in Section 8.
   (c) All other portions of the agenda prior to the vote, if any, being taken.

2. The following shall apply:

   (a) Each person addressing the Council shall step to the podium and give their name and address or city of residence for the record.
   (b) Each speaker is limited to three minutes on Public Comments as provided in Section 5.5. All remarks shall be directed to the Mayor and Council as a body and not to any particular member.
   (c) No person, other than members of the Council and the person having the floor, shall be permitted to enter into the discussion.
   (d) No question shall be asked of Councilmembers or staff except through the Mayor.
   (e) These guidelines will generally apply to special meetings as well, but the City Council reserves the right to otherwise limit or preclude Public Comments during Special Meetings.
   (f) The City Council may limit the public input on any item based on the number of people requesting to speak, length of agenda, or the business of the Council.

6.2 Personal and Slanderous Remarks

No person in the audience at a Council meeting shall engage in disorderly or boisterous conduct, including the utterance of loud, threatening, profane or abusive language, personal, impertinent or slanderous remarks, whistling, stamping of feet, applauding, booing or other acts which disturb, disrupt or otherwise impede the orderly conduct of any Council meeting.

Any person who conducts himself or herself in the aforementioned manner shall, at the discretion of the Mayor or by a majority of the Council, pursuant to a point of order requested pursuant to Section 4.6 of these Rules of Procedure, be barred from further audience before the Council during the meeting. Any person who so disturbs, disrupts or otherwise impedes the orderly conduct of more than two Council meetings, may be barred from attending future Council meetings.

The Mayor shall request that a person who is breaching these rules of conduct be orderly and silent. If, after receiving a warning from the Mayor, a person persists in disturbing the meeting, the Mayor shall order the person to leave the Council meeting. If such person does not immediately remove himself or herself, the Mayor may order any law enforcement officer who is on duty at the meeting as sergeant-at-arms of the Council to remove the person from the Council Chambers. Alternatively, the Mayor may recess the meeting until a law enforcement officer is able to arrive and remove the person.

6.3 Enforcement of Decorum

After issuing a verbal warning, the Mayor shall order removed from the Council Chambers any person or persons who commit the following acts in respect to a regular or special meeting of the City Council:

1. Disorderly, contemptuous or insolent behavior toward the Council or any member thereof, tending to interrupt the due and orderly course of said meeting.

2. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.

3. Disobedience of any lawful order of the Mayor which shall include an order to be seated or to refrain from addressing the Council.

4. Any other unlawful interference with the due and orderly course of the meeting.

6.4 Reading of Protests

Interested persons or their representatives may address the Council for the reading of protests, petitions or communications relating to the matter under consideration if a majority of the Council agree that the person should be heard. Such presentation shall be subject to the time limits that have been established for addressing the City Council.

6.5 Written Communications

Any citizen may submit written comments to the Council through the City Clerk or City Manager's office and request that Council receive copies in the agenda packet provided such written comments are received in sufficient time to include them in the agenda packet. Written communications may consist of letters, facsimiles or messages received by electronic mail.

CITY COUNCIL POLICY

NUMBER: 18

DATE ADOPTED/AMENDED: 09/21/93

SUBJECT: Five-Year Financial Model Updates

POLICY:

It shall be the policy of the City Council that the Five-Year Financial Model be analyzed, updated and reviewed annually as part of the City budget process

BACKGROUND:

The City Council determined that a five year forecasting model was necessary to review as part of their deliberations on new and increased revenue measures. The City Council also recognized that many of the assumptions and data included in the Five-Year Financial Model dated 08/93 will change from year to year. Therefore, it is necessary to update and analyze the Model to project future revenue levels and needs.

CITY COUNCIL POLICY

NUMBER: 19

DATE ADOPTED/AMENDED: 10/02/90

SUBJECT: Life/Medical/Dental/EAP/Vision Care Coverage for City Council

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POLICY:

It shall be the policy of the City Council that the City shall pay the full medical, dental, EAP and vision premiums for Council members who elect to be covered under the City's health plan.

In addition, the City shall pay one half of the medical, dental, EAP and vision premiums associated with adding family members of the City Council to the City's health plan.

Finally, the City shall pay the monthly premium on a $50,000 life insurance policy to be held by the City's insurance carrier on each Council member. Family members of the City Council or employees are not eligible for life insurance coverage under the City's life insurance policy.

BACKGROUND:

The City Council recognized the need to establish the criteria in which Council members may elect coverage under the City's health benefits plan.

CITY COUNCIL POLICY

NUMBER: 20

DATE ADOPTED/AMENDED: 11/16/93

SUBJECT: Voting in Elections Relating to the City's Membership in Area Chambers of Commerce and Landslide Abatement Districts

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POLICY:

It shall be the policy of the City Council that the Mayor shall vote on behalf of the City Council in the elections relating to the City's membership in Chambers of Commerce and landslide abatement districts.

BACKGROUND:

The City Council recognized the need to establish guidelines by which the City would cast its vote in these special elections.

CITY COUNCIL POLICY

NUMBER: 21

DATE ADOPTED/AMENDED: 12/07/93

SUBJECT: Commission and Committee Members Use of City Attorney

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POLICY:

It shall be the policy of the City Council that individual members of the Planning Commission or other City Advisory Committees should not directly seek City Attorney advice on matters relating to personal or city business. The exception to this policy is when a member wishes to seek clarification relative to a potential conflict of interest that may affect the member's vote on an issue.

When the Chair of the Commission or a Committee feels that legal advice is necessary relative to other matters within their jurisdiction, they should first contact the Department Head providing staff to the advisory body, who will then contact the City Attorney through the City Manager, as deemed necessary.

BACKGROUND:

The policy is intended to assist in making the most cost effective use of the City Attorney's time. The policy also recognizes that only individual members, not the Commission or Committees, can make a determination of whether a conflict of interest exists but that on a confidential basis, the City Attorney's advice may be beneficial to the individual in making such a determination.

CITY COUNCIL POLICY

NUMBER: 22

DATE ADOPTED/AMENDED: 01/10/94

SUBJECT: Distribution of City Council Correspondence

POLICY:

It shall be the policy of the City Council that each member of the City Council be copied on any correspondence prepared for the signature of the Mayor or members of the Council with the assistance of the staff.

BACKGROUND:

Individual Councilmembers receive correspondence which requires a response or initiates correspondence to individuals or organizations. The staff often assists in the preparation of such correspondence. This Policy will assist in improving communications between members of the Council by assuring that each member of the Council is aware of positions taken on public issues by other members of the Council.

CITY COUNCIL POLICY

NUMBER: 23

DATE ADOPTED/AMENDED: 01/10/94

SUBJECT: City Council Agenda Reports on Outside Organizations and Council Subcommittees

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POLICY:

It shall be the policy of the City Council that each Council person serving on an outside organization or on an ad hoc Council subcommittee where they represent the interests of the City of Rancho Palos Verdes, shall make a quarterly report to the full Council on the Activities of the organization or subcommittee.

Such reports will be placed on the Council agenda and may be given in written form or verbally. The City Manager's office shall be given notice of the Councilmember's intention to provide such a report no later than noon, the Wednesday preceding the Council meeting. The Councilmember will provide sufficient information about the report so the agenda description of the item can comply with the requirements of the Ralph M. Brown Act.

BACKGROUND:

Each Council Member represents the City of Rancho Palos Verdes on one or more outside organization or on a Council subcommittee. The purpose of these organizations is to assist in furthering some aspect of local or regional interest. The activities and decisions of these groups often have an impact on the public. Although most of these meetings are technically public, it is rare that the public attends. By providing periodic Council reports, Rancho Palos Verdes citizens can be informed of matters that come before these organizations or a Council subcommittee.

CITY COUNCIL POLICY

NUMBER: 24

DATE ADOPTED/AMENDED: 02/01/94 (Amended 03/19/02)

SUBJECT: Commission and Committee Chair Attendance at City Council Meetings

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POLICY:

When a Planning Commission decision is appealed to the City Council or a major planning issue is forwarded to the City Council by the Commission, the Planning Commission Chairperson will attend the City Council meeting and be available to answer any questions members of the Council may have, if requested to do so by a member of the City Council or the City Manager.

The Chairperson of other City Committees will also attend City Council meetings and be available to answer questions, when a major recommendation is forwarded to the Council from the Committee, if requested to do so by a member of the City Council or the City Manager.

In the absence of the Chairperson, the Vice Chair or other designated representative will attend the City Council meeting in her or his stead, if requested to do so by a member of the City Council or the City Manager.

BACKGROUND:

Commission and Committee minutes and staff reports do not always provide the full background and reasoning behind a particular decision or recommendation. Attendance of the Commission and Committee Chairpersons in the above instances can provide additional insight into the matter before the City Council.

CITY COUNCIL POLICY

NUMBER: 25

DATE ADOPTED/AMENDED: 02/15/94 (Amended 03/19/02)

SUBJECT: Policy against Harassment in the Workplace

POLICY:

The City of Rancho Palos Verdes has adopted a policy prohibiting harassment in the workplace on the basis of race, religion, color, national origin, ancestry, alienage, citizenship status, disability, pregnancy, medical condition (cancer-related), marital status, sex, sexual orientation, age (40 and over), or any other status protected by California and federal law.

The Policy has been adopted as Rule XIII, Section 2 of the Competitive Service Employee Personnel Rules, and Rule IX, Section 2 of the Management Employee Personnel Rules. The Policy is summarized below.

The protections afforded by this Policy apply to applicants for employment and employees. The Policy's prohibitions apply to employees, including department heads, supervisors and co-employees, non-employees such as volunteers and vendors, non-employees such as persons appointed to City committee and commission, and City Council members.

Under applicable law, the City can be liable for the actions of employees, non-employees and appointed and elected officials. Personnel who perpetuate harassment that is prohibited by State law may be personally liable. In addition, individual supervisors and management personnel who aid and abet the illegal harassment may be subject to suit and, potentially, personal liability. Certain forms of harassment are crimes.

If harassment prohibited by the Policy occurs, the City shall take appropriate corrective action against the harasser, and seek to remedy the effects of the harassment on the employee or applicant for employment. If the harasser is an employee, such corrective action shall include appropriate discipline, up to and including discharge. If the harasser is a non-employee, for example, an appointed commissioner or committee members, or a volunteer or vendor, such corrective action may include termination of the City's relationship with the non-employee. If the harasser is a City Council member, corrective action may include, but is not limited to, public censure of the City Council member by the City Council.

CITY COUNCIL POLICY

NUMBER: 26

DATE ADOPTED/AMENDED: 09/06/94

SUBJECT: Submittal of Certain Original Documents for Consideration by the City Council or City Commissions or Committees

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POLICY:

It shall be the policy of the City Council that any person who submits documents for consideration by the City Council or any other City commission or committee as a part of the record of proceedings concerning a particular matter, shall submit such documents to the City Clerk or the secretary of the commission or committee rather than submitting such documents directly to the members of the body. If an individual submits a letter or petition signed by someone else in support of or in opposition to a particular matter which is being considered, the document must display an original signature. The City Clerk or the secretary shall distribute copies to the members of the body and shall maintain a copy of the documents in accordance with the City's document retention schedule

On occasion, an individual will distribute documents directly to the members of the body, rather than through the City Clerk or secretary. When this occurs and an original document is distributed directly to a member of the body, that member immediately will give the document to the City Clerk or the secretary. Prior to the body rendering a decision, the City clerk or the secretary will indicate whether she/he has an original of the submitted document.

BACKGROUND:

Many individuals hand out copies of letters or petitions during the course of a public hearing or testimony before the City council or the City's commissions or committees. The members of these bodies may, or may not, rely on or be influenced by the information submitted in making a decision on the particular issue. The intent of this policy is to assure, to the extent practicable, that any written communication which is submitted for consideration by the body accurately reflects the intent or views of those whose signatures appear on the document.

CITY COUNCIL POLICY

NUMBER: 27

DATE ADOPTED/AMENDED: 02/21/95

SUBJECT: Access to Abalone Cove Shoreline Park by City Council/ Commission/Committee Members

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POLICY:

It shall be the policy of the City Council that members of the City Council, Commissions, and Committees and their guests shall be admitted to the Abalone Cove Shoreline Park without charge. Members of the City Council, Commissions, and Committees wishing to gain entrance to the Park shall present a picture identification (Driver's License or other similar form of identification) to the staff member at the gate house to gain admittance. The Abalone Cove Shoreline Park gate house shall maintain an up-to-date listing of all members of the City Council, Commissions, and Committees.

BACKGROUND:

The City Council recognizes the need for members of the City Council, Commissions, and Committees to access and/or utilize Abalone Cove Shoreline Park in the course of their duties.

CITY COUNCIL POLICY

NUMBER: 28

DATE ADOPTED/AMENDED: 05/02/95

SUBJECT: Admission Policy for Senior Citizens at Abalone Cove Shoreline Park

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POLICY:

It shall be the policy of the City Council to admit senior citizens to the Abalone Cove parking lot at no charge during the off-season months, Labor Day to Memorial Day. Seniors will pay the regular per-day parking fee during peak season, Memorial Day to Labor Day.

BACKGROUND:

The City Council recognizes the need to establish written guidelines for admission to Abalone Cove by senior citizens due to the variations in the policy depending on the time of year.

CITY COUNCIL POLICY

NUMBER: 29

DATE ADOPTED/AMENDED: 08/01/95 (amended 02/19/02 & 03/04/14)

SUBJECT: Legislative Activities of the City Council

POLICY:

It shall be the policy of the City Council that the staff shall prepare and present periodic legislative updates for the Council's review and consideration. The legislation monitored Legislative Guidelines shall address issues at the regional, County, State and Federal level and shall focus upon anticipated or proposed laws, regulations, rules, or policies that may impact the City or the region.

The legislation monitored will include both those issues that the City Council decides either to support or oppose and those that they choose to identify as issues of concern, but not take a position on. The determination of what position to take on pending legislation shall be solely that of the City Council. Staff will periodically, at the request of a Council member, place matters of pending legislation on the City Council agenda for consideration. Staff will provide regular updates on the status of any legislative action affecting any issues of concern to the City Council through the Weekly Administrative Report.

If the majority of the Council votes to support or oppose legislation, staff shall prepare the appropriate correspondence to the appropriate Federal, State, County and/or regional legislative representative(s) expressing the position of the City.

Individual Council members may wish to support or oppose a specific piece of legislation whether the Council has taken a position on such legislation or not. Any legislative activity by an individual Council member, including preparing legislative correspondence, may be conducted by any Council member, who shall state that he or she is not acting on behalf of the City and is representing his or her own personal views. However, staff shall not assist in any legislative activity of an individual Council member, including the preparation of legislative correspondence, unless the legislative item has appeared on a Council agenda and has received a majority vote of the Council.

The League of California Cities' "Legislative Bulletin" and any appropriate publication that summarizes legislation shall be provided as part of the Weekly Administrative Report to each member of the Council for review.

BACKGROUND:

The City Council initially adopted a policy for Council involvement in Federal and State legislative advocacy in 1995. Although the policy seems to have worked adequately over the first seven years, by 2002 it was thought that it did not allow the City to respond rapidly to requests to support or oppose legislation that may be before a committee or on the floor or the Assembly or before Congress and needs immediate action on the part of supporters or opponents. Therefore, the policy was amended in 2002 to address these perceived deficiencies. In 2014, the policy was amended again to revise the procedure for monitoring legislation, and to explicitly include legislative issues at the County and regional level.

The City Council's revised legislative policy establishes an internal process for identifying, tracking and advocating its position on pending legislation synchronized to the fast-paced "legislation time clock." Through this proactive policy, the City Council hopes to have a stronger "voice" in the Peninsula/South Bay region, Los Angeles County, Sacramento and Washington, DC.

CITY COUNCIL POLICY

NUMBER: 30

DATE ADOPTED/AMENDED: 12/17/96 (Amended 07/02/02)

SUBJECT: Covenants to Maintain Property to Protect Views

POLICY:

It shall be the policy of the City Council that the City not enforce any "Covenant to Maintain Property to Protect Views" that has been submitted to the City and recorded by the L.A. County Recorders Office. It shall also be the policy of the City Council that recorded "Covenants to Maintain Property to Protect Views" may be removed by the City, on a case-by-case basis, provided that all of the following requirements can be met for each individual request of removal:

1) A written request is submitted to the City requesting that a covenant be removed. The written request must be signed by all individuals who own title to the property that is subject to the covenant.

2) A Trust Deposit fee is submitted to cover the cost of processing the covenant removal request. The amount of the Trust Deposit shall be determined by City Staff and shall be sufficient to cover the cost of staff's analysis of the request and the cost of preparing and recording a "Notice of Termination of Covenant" with the County Recorders Office.

3) The covenant that is the subject of the removal request was recorded in lieu of Staff performing a foliage analysis of the applicant's property as a result of an over-the-counter approval pursuant to the "Removal of Foliage as Condition of Permit Issuance" provisions of the View Ordinance (Development Code Section 17.02.040). This removal process shall not apply to covenants that were recorded as a result of a condition of approval of a discretionary decision made by the City through a public hearing.

4) Based on a foliage analysis performed by Staff it is determined that no significant view impairing foliage, which exceeds sixteen (16) feet or the ridgeline, whichever is lower, exists on the property. If significant view impairing foliage exits, it shall be removed and/or trimmed, as directed by City Staff, prior to the removal of the covenant.

5) If requirements Nos. 1 through 4 are met, a "Notice of Termination of Covenant" is prepared and executed by the Director of Planning, Building and Code Enforcement and City Clerk, which contains the notarized signatures of all the individuals who own title to the property that is subject to the covenant, and is recorded by the County Recorders Office.

Any action to remove a covenant will not preclude any other property owners from filing a View Restoration or View Preservation application against the property that is subject to the covenant removal.

BACKGROUND:

Upon adoption of the City's Height Variation Permit Guidelines and View Restoration Permit Guidelines on December 3, 1996, the City Council directed that the above policy regarding the enforcement of "view covenants" be enacted.

On December 12, 2001, the City Council considered an individual property owner's request for the City to abandon the view covenant that had been recorded against his property. At that time, the City Council agreed to remove the covenant and establish a procedure for dealing with future requests by property owners to remove view covenants on a case-by-case basis. Therefore, City Council Policy No. 30 was amended on July 2, 2002 to establish such a procedure.

CITY COUNCIL POLICY

NUMBER: 31

DATE ADOPTED/AMENDED: 04/16/96 (Amended 01/21/97, 04/18/00, 12/20/16, and 04/04/17)

SUBJECT: Encroachments into the Public Right-of-Way

POLICY:

It shall be the policy of the City Council to follow the procedures outlined in the attached Policy Statement for encroachments in the public right-of-way, as adopted on April 16, 1996, revised on January 21, 1997, April 18, 2000, December 20, 2016, and April 4, 2017.

BACKGROUND:

On April 19, 1996, the City Council reviewed and approved an update of the City policy pertaining to encroachments of structures in the public right-of-way. The changes consisted of augmentation of the then current policy which was approved by the City Council on May 15, 1984, with language pertaining to the encroachment of tract entrance observation structures into the public right-of- way. The City Council has directed that this policy relating to encroachments into the public right-of-way be placed into the City Council Policy Manual.

Amendments were made on April 18, 2000, to streamline the review process for certain types of encroachments into the right-of-way, especially for unpermitted structures for which legalization is sought.

Amendments were made on December 20, 2016 and April 4, 2017, to exempt security cameras owned by Homeowner Associations for public safety purposes provided that the location was approved by the Public Works and Community Development Departments. Additionally, certain sections were updated to be consistent with the City's Municipal Code, along with wording amendments for clarification purposes.

Attachment: April 16, 1996 Policy Statement for Encroachments into the Public Right-of-Way (Revised January 21, 1997, April 18, 2000, December 20, 2016, and April 4, 2017)

POLICY STATEMENT FOR
IN THE PUBLIC RIGHT-OF-WAY ADOPTED APRIL 16, 1996 AND
REVISED ON APRIL 4, 2017.

The City Council approved this policy at its April 16, 1996, meeting, and amended it on January 21, 1997, April 18, 2000, December 20, 2016, and April 4, 2017. It should be noted that this policy replaces and supersedes the one adopted by the City Council on May 15, 1984.

The City may permit encroachments of walls, fences, pilasters, observation booths, security cameras and/or similar structures on an individual basis, based on the following criteria:

I. FENCES, WALLS, PILASTERS, AND OTHER SIMILAR STRUCTURES IN THE RIGHT-OF-WAY

1) All requests for construction of fences, walls, pilasters, and other similar structures that are to encroach into the public right-of-way shall be submitted to the Community Development Department, and shall include the following materials:

a) A letter from the applicant and/or adjacent property owner(s) describing the proposed encroachment request and the reason for the request.

b) A processing fee as established by Resolution of the City Council.

c) Five (5) hard copies and an electronic copy of plans which clearly show the following:

i) A site plan which shows the accurate lot dimensions, property lines, location and dimension of the adjacent public right-of-way, and the location of all easements, if applicable.

ii) A site plan indicating the location and dimensions of all existing and/or proposed encroachments (i.e walls, fences, pilasters, or other similar structures) , as well as the distance of the proposed encroachments from the adjacent property lines.

iii) Section and/or elevation drawings representing the total height of the proposed project, as measured from both the highest and lowest existing adjacent grade.

d) Documentation to the satisfaction of the Director of Public Works that demonstrates the location of the proposed encroachment relative to the edge of the public right-of-way.

e) For encroachments to be reviewed by the Planning Commission, two copies of a "vicinity map", prepared to scale, which shows all properties located within the tract for which the proposed observation booth will serve, as well as all properties located within 500 feet of the tract boundaries. All lots shown on the "vicinity map" shall be numbered consecutively, beginning with the number "one". The "vicinity map" must be prepared exactly as described in the attached instruction sheet.

f) For encroachments to be reviewed by the Planning Commission, two (2) sets of self-adhesive mailing labels and one (1) photocopy of the labels which list the property owner of each parcel which falls within the boundaries shown on the "vicinity map". The name and address of every property owner (including the applicant) and the local Homeowners Association (if any), must be typed on 8-1/2 X 11 sheets of self-adhesive labels (33 labels per sheet). The labels shall be keyed to the consecutive numbers shown on the "vicinity map" as described above. The property owners' mailing list must be prepared exactly as described in the attached instruction sheet.

2) Fences, walls, pilasters, and other similar structures which meet the following criteria shall be subject to review and approval by the Director of Community Development:

a) Encroachments extending less than 6-feet into the public right-of-way (Note that it is the applicant's responsibility to demonstrate the location of the proposed encroachment to the Director of Public Works' satisfaction, which may entail preparation of a survey for some projects);

b) Encroachments, such as individual pilasters or similar structures, having a base width that is no more than 24 inches on each side;

c) Encroachments whose total height, including any decorative features, does not exceed 72 inches, unless located adjacent to the front property line, in which case the total height does not exceed 42 inches. The main structure (excluding decorative features) shall not exceed 60 inches, unless it is located within an Intersection Visibility Triangle as determined by the Director of Public Works, in which case the overall height including any decorative features may not exceed 30 inches;

i) If the decorative features are lanterns, light fixtures, or some other kind of light source, then the property owner must demonstrate that adequate screening and shielding is provided to ensure that there is no direct or indirect illumination of another property other than where the light source is located, that there is no adverse traffic/pedestrian impact, and that all conditions of residential outdoor lighting pursuant to Municipal Code Section 17.56.030 are met.

The Director's decision shall be appealable pursuant to the Appeal procedures of Chapter 17.80 of the Rancho Palos Verdes Municipal Code (RPVMC).

3) Fences, walls, pilasters, and other similar structures which meet the following criteria shall be subject to review and approval by the Planning Commission at a duly noticed public hearing pursuant to Section 17.80.090 of the RPVMC.

    a) Encroachments extending more than 6-feet into the public right-of-way (Note that it is the applicant's responsibility to demonstrate the location of the structure to the Director of Public Works' satisfaction which may entail preparation of a survey for some projects);

    b) Encroachments, such as individual pilasters and other similar structures, having a base width that exceeds 24 inches on each side;

    c) Encroachments with a decorative features at a combined height that is greater than 72 inches, or encroachments without decorative features at a height that exceeds 60 inches.

    d) Encroachments serving as bases for decorative features (i.e. statuary) that are more than 60 inches in height, and/or the combined height of a decorative feature and its base that is greater than 72 inches.

    e) Encroachments that are decorative features (i.e. fountains) measuring more than 18 inches in height;

    f) Encroachments including decorative features or decorative features/bases with a combined height measuring greater than 30 inches within an Intersection Visibility Triangle.

The Planning Commission may refer a request to the Traffic Safety Committee for recommendation, if traffic safety is involved. The Planning Commission may grant the encroachment, subject to the conditions stated below in Section 5, and any other conditions which the Commission may impose, or deny the encroachment if it fails to meet the criteria stated below in Sections 3 and 4. The Planning Commission decision may be appealed to the City Council, pursuant to the appeal procedures of Chapter 17.80 of the RPVMC.

4) In granting an Encroachment Permit, the Director of Community Development or the Planning Commission must find the following:

    a) The encroachment is not detrimental to the public health/safety, and that the Public Works Director has made a written determination that the encroachment does not pose a hazard to vehicular traffic, pedestrians, or equestrians; and further that all

other requirements for issuance of a Public Works Department encroachment permit are met. The Community Development Department review shall be concurrent with the Public Works Department review to the greatest degree possible.

b) The encroaching structure cannot be reconfigured or relocated due to practical difficulties or unnecessary hardship, including economic hardship, so as to either:

   i) locate the structure on the applicant's property in accordance with provisions of the Municipal Code; or,

   ii) adhere to the criteria set forth for an encroachment requiring Director-level review .

c) The encroaching structure is not inconsistent with the general intent of the Development Code.

d) Illuminating features of the encroachment, such a light fixtures, are designed and configured in a manner that minimizes impacts to neighboring properties or vehicular traffic, and prevents direct or indirect illumination of a property other than the applicant's, as determined by the Director of Community Development.

e) The encroachment does not significantly impair a protected view from any surrounding property.

5) Approval of an Encroachment Permit shall be subject to the following conditions, and any other appropriate conditions necessary to protect the public health, safety, and welfare:

   a) Prior to construction of the encroachment, the owner shall submit to the City an "Indemnification and Hold Harmless" agreement for recordation, to the satisfaction of the City Attorney.

   b) Prior to construction of the encroachment , the owner shall submit to the City a Use Restriction Covenant for recordation, agreeing to remove the encroachment within ten (10) days of notice given by the Director of Public Works, except in case of an emergency where less notice may be required. The owner shall also acknowledge that failure to remove the encroachment within the specified time will result in removal of the structure by the City, and that the owner shall be billed by the City for the costs of removal of the encroaching structure.

   c) Prior to construction of the encroachment, the owner shall obtain an Encroachment Permit from the Department of Public Works and, if applicable, permits from the

Building and Safety Division. The owner shall be responsible for any fees associated with the issuance of said permit(s).

d) The encroachment shall be constructed and installed in accordance with the approved plans, and the owner shall comply with all conditions and requirements that are imposed on the project.

e) Prior to construction of the encroachment, the applicant shall submit to the City a covenant, subject to the satisfaction of the City Attorney, which records these requirements as conditions running with the land, and binding all future owners of the property which is benefited by the encroachment (i.e., underlying right-of- way, adjacent property, or common area owned by a homeowners association, if any), until such time as the encroaching structure is removed from the right-of-way.

f) The applicant shall comply with all recommendations and requirements, if any, required by the City's Planning Commission, Traffic Safety Committee, or Traffic Engineer.

II. OBSERVATION BOOTHS AND SIMILAR STRUCTURES WITHIN THE PUBLIC RIGHT-OF-WAY

1) All requests for construction of observation booths or similar structures within the public right-of-way are to be submitted to the Community Development Department, and shall include the following materials.

a) A letter from the applicant and/or adjacent property owner(s) describing the proposed encroachment request and the reason for the request.

b) Any application for construction of an observation booth or similar structure, shall first be approved by the local Homeowners Association, if any, in accordance with the recorded CC & R's for the Homeowners Association.

c) The applicant shall be responsible for all costs associated with the application. A minimum Trust Deposit of $1,000 shall be established to cover costs associated with the application. Additional deposits may be required if the costs for processing the application exceed the minimum required deposit.

d) Five (5) copies and an electronic copy of plans which clearly show the following:

i) A site plan which shows the accurate lot dimensions, property lines, location and dimension of the adjacent public right-of-way, and the location of all easements, if applicable.

ii) A site plan indicating the location and dimensions of all existing and/or proposed observation booths or similar structures, as well as the distance of all existing and/or proposed encroachments from the adjacent property lines.

iii) Section and/or elevation drawings representing the total height of the proposed project, as measured from both the highest and lowest existing adjacent grades.

e) Two copies of a "vicinity map", prepared to scale, which shows all properties located within the tract for which the proposed observation booth will serve, as well as all properties located within 500 feet of the tract boundaries. All lots shown on the "vicinity map" shall be numbered consecutively, beginning with the number "one". The "vicinity map" must be prepared exactly as described in the attached instruction sheet.

f) Two (2) sets of self-adhesive mailing labels and one (1) photocopy of the labels which list the property owner of each parcel which falls within the boundaries shown on the "vicinity map". The name and address of every property owner (including the applicant) and the local Homeowners Association (if any), must be typed on 8-1/2 X 11 sheets of self-adhesive labels (33 labels per sheet). The labels shall be keyed to the consecutive numbers shown on the "vicinity map" as described above. The property owners' mailing list must be prepared exactly as described in the attached instruction sheet.

2) All requests shall be subject to review first by the Traffic Safety Committee and then by the Planning Commission. Both the Traffic Safety Committee and Planning Commission meetings shall be duly-noticed public hearing pursuant to Section 17.80.090 of the RPVMC. Upon a favorable recommendation by the Traffic Committee, the Planning Commission shall grant the encroachment, subject to the conditions stated below in Section 16, or deny the encroachment if it fails to meet the criteria stated below in Sections 3 through 15, inclusive. The Planning Commission decision may be appealed to the City Council, within fifteen (15) calendar days following the Commission's decision.

3) In granting an Encroachment Permit for an observation booth or similar structure, the Planning Commission must find that each of the following conditions exist:

a) The encroachment is in the best interest of the City.

b) The encroachment is not detrimental to the public health and safety.

c) There is no alternative location on private property to accommodate the proposed improvements without encroaching into the City's right-of-way.

d) The encroachment has been designed in the safest manner possible.

e) The encroachment does not significantly impair the view from the viewing area of any private property as defined in the City's Development Code, nor from an area designated by the General Plan or Coastal Specific Plan to be protected.

4) The maximum height limit of observation booths or similar structures located within the public right-of-way shall not exceed twelve (12) feet.

5) The observation booth or similar structure shall not exceed a maximum of 120 square feet in area.

6) For structures which are attended by an operator, restroom facilities shall be provided within the observation booth.

7) All necessary utilities (i.e., cable, electric) shall be located underground.

8) All minimum sight distances and turning radii shall be maintained, subject to review and approval by the City's Traffic Safety Committee and engineering consultant.

9) All observation booths or similar structures shall be located on a separate, curbed, and landscaped median.

10) No portion of any eave and/or overhang shall extend beyond the edge of the curb of the landscape median, or into any travel lanes. The structure shall be designed to maintain appropriate lateral and overhead clearance to ensure that large and/or high profile vehicles or trucks will not hit the overhangs on the building.

11) Protective bollards shall be installed at each corner of the structure to reduce the potential for accidental damage caused by vehicles.

12) The observation booth or similar structure shall be compatible with the character and architectural styles of surrounding residences.

13) Directional signage only shall be permitted in association with construction of the observation booth or similar structure. Installation of any signs shall be subject to separate review and approval of a Sign Permit. Installation of signs with changeable copy intended to provide general information regarding upcoming events, meetings, etc., shall not be permitted within the public right-of-way.

14) Any proposed exterior lighting shall be located on the facade of the building, at a maximum height of ten (10) feet. All exterior lighting shall be shielded and directed downwards to prevent direct illumination of or towards surrounding properties.

15) Ingress/Egress vehicle lanes shall be a minimum of eighteen (18) feet wide at the Observation Booth to allow vehicles to pass a stopped vehicle. Wider travel lanes may be required at the discretion of the City.

16) Approval of an Encroachment Permit shall be subject to the following conditions:

a) The applicant shall comply with all recommendations and requirements, if any, required by the City's Planning Commission, Traffic Safety Committee, or Traffic Engineer.

b) Prior to construction of the observation booth or similar structure, the owner shall submit to the City a "Hold Harmless" agreement for recordation, to the satisfaction of the City Attorney.

Prior to construction of the observation booth or similar structure, the owner shall submit to the City a Use Restriction Covenant for recordation, agreeing to remove the encroachment within sixty (60) days of notice given by the Director of Public Works, except in case of an emergency where less notice may be required. The owner shall also acknowledge that failure to remove the encroachment within the specified time will result in removal of the structure by the City, and that the owner shall be billed by the City for the costs of removal of the encroaching structure.

c) Prior to construction of the observation booth or similar structure, the owner shall obtain a minimum of one million (1,000,000) dollars liability insurance, naming the City as an additional insured, subject to review and acceptance by the City Attorney. Proof of said insurance shall be provided to the City annually.

d) Prior to construction of the observation booth or similar structure, the owner shall obtain an Encroachment Permit from the Department of Public Works. The owner shall be responsible for any fees associated with the issuance of said permit.

e) The encroachment shall be constructed and installed in accordance with the approved plans, and the owner shall comply with all conditions and requirements that are imposed on the project.

f) Prior to construction of the encroachment, the applicant shall submit to the City a covenant, subject to the satisfaction of the City Attorney, which records these requirements as conditions running with the land, and binding all future owners of the property which is benefited by the encroachment (i.e., underlying right-of-way, adjacent property, or common area owned by a homeowners association, if any), until such time as the encroaching structure is removed from the right-of-way.

g) No person and/or vehicle shall be required to present identification nor otherwise be restricted, prohibited, or denied access to any public right-of- way, including but

not limited to streets, sidewalks, parks, and/or public trails as a result of construction of any attended or unattended observation booth or similar structure.

h) Prior to construction of the encroachment, the owner and/or applicant shall submit to the City a Covenant agreeing to assume all responsibility for maintenance and upkeep of the structure.

III. HOMEOWNER ASSOCIATION SECURITY CAMERAS IN THE RIGHT-OF-WAY

1) All requests for construction of homeowners' association security cameras in the public right-of-way shall be submitted to the Community Development Department, and shall include the following materials.

   a) A letter from the applicant (i.e., homeowners' association) and/or adjacent property owner(s) describing the proposed encroachment request and the reason for the request.

   b) Documentation to the satisfaction of the Director of Public Works that demonstrates the location of the structure relative to the edge of the public right-of-way.

   c) All fees associated with an Encroachment Permit for homeowners' association security cameras shall be waived.

2) The Public Works, Community Development, and Sheriff's Departments will meet with the applicant to assess the proposed location and to determine whether there is a more suitable location.

3) Security cameras owned by homeowners' associations shall be exempted from the base size and height limitations described elsewhere in this Policy, with the approval of the Director of Public Works and the Director of Community Development.

4) In granting an Encroachment Permit for homeowners' association security cameras, the Director of Community Development must find the following:

   a. The encroachment is not detrimental to the public health/safety, and that the Public Works Director has made a written determination that the encroachment does not pose a hazard to vehicular traffic, pedestrians, or equestrians; and further that all other requirements for issuance of a Public Works Department encroachment permit are met. The Community Development Department review shall be concurrent with the Public Works Department review to the greatest degree possible.

b. The encroaching structure cannot be reconfigured or relocated due to practical difficulties or unnecessary hardship, including economic hardship, so as to either:

   i. locate the structure on the applicant's property in accordance with provisions of the Municipal Code; or,

   ii. adhere to the criteria set forth for an encroachment requiring Director-level review.

c. The encroaching structure is not inconsistent with the general intent of the Development Code.

d. Illuminating elements associated with and a part of the proposed security camera are configured in a manner that minimizes impacts to neighboring properties or vehicular traffic, and prevents direct or indirect illumination of a property other than the public right-of-way intended to be illuminated in order to enhance the night time use of the security camera, as determined by the Director of Community Development.

e. The encroaching structure does not significantly impair a protected view from any surrounding property.

5) Approval of an Encroachment Permit for homeowners' association security cameras shall be subject to the following conditions, and any other appropriate conditions necessary to protect the public health, safety, and welfare:

   a. Prior to construction of the encroaching structure, the owner shall submit to the City an "Indemnification and Hold Harmless" agreement for recordation, to the satisfaction of the City Attorney.

   b. Prior to construction of the encroaching structure, the owner shall submit to the City a License Agreement agreeing to remove the encroachment within ten (10) days of notice given by the Director of Public Works, except in case of an emergency where less notice may be required. The owner shall also acknowledge that failure to remove the encroachment within the specified time will result in removal of the structure by the City, and that the owner shall be billed by the City for the costs of removal of the encroaching structure.

   c. Prior to issuance of the Encroachment Permit, the applicant shall comply with all City recommendations and requirements.

   d. The applicant for the proposed encroaching structure, post, fence and/or wall, shall obtain an Encroachment Permit from the Department of Public Works and, if applicable, any permit from Building and Safety. .

e. The encroachment shall be constructed and installed in accordance with the approved plans, and the applicant shall comply with all conditions and requirements that are imposed on the Encroachment Permit.

CITY COUNCIL POLICY

NUMBER: 32

DATE ADOPTED/AMENDED: 03/04/97

SUBJECT: Waiver of Department of Planning, Building and Code Enforcement Fees under Certain Circumstances.

POLICY:

It shall be the policy of the City Council that non-profit corporations that are registered with the Secretary of State and which are located or conduct business in the City of Rancho Palos Verdes, or provide services available to City residents, shall, upon submittal of reasonable proof as to non-profit status, be exempt from the requirement for payment of fees associated with processing certain planning applications. This exemption shall apply only to the following types of applications, not including any applicable penalty fees:

- Temporary Sign Permits
- Special Use Permits
- Sign Permits
- Site Plan Review (Only where no new expansion of building space or lot coverage is proposed)

Nothing in this policy shall be construed as waiving the requirements for submittal and review of the required applications and associated information. This policy shall not apply to fees for building permits or plan check services.

It shall be the policy of the City Council to waive penalty fees only in the event that unique or extraordinary circumstances exist related to the subject application, which do not generally apply to other applications subject to the penalty fee. This policy shall be applicable to all applications including non-profit corporations. Requests for waiver of penalty fees shall be determined by the City Council.

BACKGROUND:

The City Council has determined that non-profit organizations which are located or conduct business in, or provide services available to the residents of, the City of Rancho Palos Verdes are providing a service to residents of the City which otherwise would not be available. As a result of providing a public service, the City Council has determined that application fees for minor applications undertaken by such organizations are eligible for waiver of the standard fee

requirement, and that such processing costs shall be paid from the General Fund.

The City Council has also determined that penalty fees shall not be waived, unless unique and extraordinary circumstances apply to the application in question.

This policy shall not be interpreted to preclude the City Council from considering and/or granting fee waiver requests for applications which are not subject to this policy.

CITY COUNCIL POLICY

NUMBER: 33

DATE ADOPTED/AMENDED: 05/06/97

SUBJECT: General Plan Amendment Initiation Request Procedure

POLICY:

It shall be the policy of the City Council that the General Plan Amendment Initiation Request (GPAIR) process shall be an optional process to be followed at the discretion of an applicant. In the event that an optional General Plan Amendment Initiation Request (GPAIR) application is filed, the following requirements shall be adhered to:

1. The applicant shall submit the required application, associated information, materials, and fees.

2. Notification of the pending City Council consideration of the request shall be provided to all owners of properties within 500 feet of the subject property, as well as all Homeowners Associations for properties within 500 feet of the subject property. The notice shall be provided a minimum of fifteen (15) days prior to the date of the City Council meeting at which the item will be considered.

3. Notification of the Council consideration of the request shall be published in an adjudicated newspaper of general circulation a minimum of fifteen (15) days prior to the date of the City Council meeting at which the item will be considered.

4. Decisions on any GPAIR shall be tentative and advisory only, and shall not be construed as any form of obligation that the City Council will grant or deny an ensuing General Plan Amendment (GPA) application.

5. GPAIR applications shall be accepted and processed at any time during the calendar year.

Nothing in this policy requires that any applicant file a GPAIR, and any person or entity may submit a GPA application for consideration by the Council regardless of whether a GPAIR has been filed and/or acted on by the Council. In the event that the Council denies a GPAIR, the applicant shall be entitled to apply for a GPA at the applicant's discretion.

Nothing in this policy shall preclude the City Council from directing staff to commence any General Plan Amendment with or without a related General Plan Amendment Initiation Request, and this Policy shall supersede the January 6, 1976, minute order previously establishing the General Plan Amendment process.
In the event that a Pre-screening Workshop is held for a particular project, the project applicant shall not have the option of filing a GPAIR since the GPAIR process is substantially the same as that of the Pre-screening Workshop. In the case that a rescreening Workshop has been held and a GPA is necessary, the project applicant shall proceed directly with the GPA application.

It shall also be the policy of the City Council to generally approve resolutions amending the General Plan three times per year, during the months of April, August, and December, to ensure that the maximum number of amendments allowed each year, four (4), is not exceeded in a given year. To achieve that goal, one or more applications to amend the General Plan may be combined into a single Resolution of approval. This policy is only a guideline, and the Council, at its discretion, may approve resolutions amending the General Plan at any time, so long as the maximum number does not exceed four (4) in any given calendar year.

BACKGROUND:

The original General Plan Amendment process, as established by the City Council on January 6, 1976, included a requirement for an Initiation Request prior to proceeding with an actual GPA. In the past this process was effective in conveying the general disposition of the Council, given the nature of the specific request. The process as it relates to the current issues in the City creates concerns with respect to lack of public notice, lack of detailed information for Council consideration in conjunction with such requests, that requests are accepted and processed only twice per year, and that the applicants should have the ability to apply directly for a GPA without first going through the GPAIR process. A benefit of the original process is that the applicant can, with a low fee, gauge the Council's outlook on a particular proposal without preparation of detailed studies as would be required for a GPA.

The City Council has determined that a **required** GPAIR process is not necessary. However, an **optional** GPAIR process is beneficial to applicants and the public. In order to ensure that the community is aware of any requested change in the General Plan, notification as stipulated above shall be provided for all GPAIR applications. Council determinations on such applications will be advisory in nature, and the applicant can thereafter proceed with a GPA proposal as desired.

CITY COUNCIL POLICY

NUMBER: 34

DATE ADOPTED: 09/04/01 (Amended 10/18/16)

SUBJECT: Border Issues

POLICY:

It shall be the policy of the City Council that it shall be briefed from time to time, but not less than twice annually, regarding "Border Issues" that have the potential to adversely impact residents of the City of Rancho Palos Verdes. "Border Issues" consist of individual projects that are likely to have direct impacts on City residents on their own, as well as projects that, together with other projects, could create cumulative impacts to City residents. The procedure for addressing such issues shall be as follows:

1) When City Staff receives notices or other information regarding proposed projects that are located outside of the City's borders but with the potential to impact City residents, City Staff shall report such information to the City Council as described in Section 3 below. Such proposed projects shall include, but not be limited to, proposed land use development projects, events, or special uses in the neighboring cities and communities of Rolling Hills, Rolling Hills Estates, Palos Verdes Estates, San Pedro, Lomita and unincorporated Los Angeles County.

2) Reports to the City Council on any such "Border Issue" proposed project shall include a description of the proposed project and the current status of the proposed project.

3) Updates on Border Issues shall be provided to the City Council from time to time via the City's Weekly Administrative Report, and at least twice annually as an item on a City Council meeting agenda. These updates shall also be provided to the general public and interested parties via the City's Border Issues Status Report listserv and on the Border Issues Status Report page (http://www.rpvca.gov/781/Border-Issues-Status-Report) on the City's website.

4) Upon receipt of notices or other information regarding potential Border Issues, Staff may take one of the following actions:

    A) Determine that no potential impacts would result to City residents and take no further action regarding the item;
    B) Determine that potential impacts may result to City residents and coordinate with other City departments to identify what these impacts

are, and to provide comments to the public agency, project proponent and/or property owner regarding these impacts and Staff's recommendations to address them.

C) Determine that significant adverse impacts may result to City residents and present the Border Issue to the City Council to possibly establish a City position on the proposed project and give specific direction to Staff.

5) Unless otherwise directed by the City Council, Staff will have the ability to take one or more of the following actions:

   A) Respond to any CEQA notices:
   B) Attend any public hearings, workshops or any other informational meetings on the proposed project;
   C) Meet with representatives of the lead agency proposing the project.

6) Projects shall remain on the status report until the items are deemed closed.

CITY COUNCIL POLICY

NUMBER: 35

DATE ADOPTED/AMENDED: 10/16/01

SUBJECT: City Council Disclosure of Communications

POLICY:

It shall be the policy of the City Council that:

> Each Member of the City Council shall publicly disclose at regular City Council meetings under "City Council Reports," any communications between the Councilmember and any person regarding an actual or potential development proposal that the Councilmember at his or her discretion feels is sufficiently important to bring to the attention of the entire City Council and the public. Such report shall be included in the City Council minutes.

BACKGROUND:

At the October 2, 2001 Council meeting, Councilmember Stern presented a recommendation for the City Council's consideration regarding adoption of a policy for disclosure of certain communications. He suggested that the policy apply to City Councilmembers and Planning Commissioners and require them to "publicly disclose in writing to the City Clerk the existence of all communications between such person and a major landowner or major developer of real property within the City, which communication relates to such real property." His report offered definitions of "major developer" and "major landowner" and described the extent of disclosure he recommended.

The City Council determined that a disclosure policy was appropriate, but that strict definition of terms such as "communications related to real property" was difficult, if not impossible, to implement. Therefore, a policy giving each Councilmember the discretion to determine whether or not a communication was relevant and significant was approved.

It should be noted that this policy is not intended to supercede the obligation of Councilmembers to protect the due process rights of all participants at a public hearing on a development application by ensuring that the record of the public hearing contains any evidence or issues that were brought to the attention of a Councilmember outside of the duly noticed public hearings and are not otherwise part of the hearing record, which would affect the Councilmember's determination.

CITY COUNCIL POLICY

NUMBER: 36

DATE ADOPTED/AMENDED: 03/19/02

SUBJECT: Policy against Workplace Violence

POLICY:

The City of Rancho Palos Verdes has adopted a policy prohibiting violence in the workplace. The Policy has been adopted as Rule XIV of the Competitive Service Employee Personnel Rules and Rule X of the Management Employee Personnel Rules. The Policy is summarized below.

The City is committed to providing a safe work environment that is free of violence or the threat of violence. The City strictly prohibits employees, non-employees, appointed officials and City Council members, while on City premises or engaged in City-related activities, from behaving in a violent or threatening manner. The Policy sets forth definitions of what actions constitute workplace violence and requires any employee who witnesses or becomes aware of on instance of workplace violence, or who is a victim of such violence, to notify their immediate supervisor. The Policy sets forth the actions the City shall take to investigate all complaints or allegations of workplace violence.

If the City determines that this Policy has been violated, appropriate corrective action will be taken. Corrective action involving an employee may include discipline of the employee, up to and including termination. If the violent behavior involves a non-employee, the City will take action in an effort to prevent future occurrences. Corrective action involving commissions, committee members or volunteers may include severing their relationship with the City. Corrective action involving City Council members may include censure by the City Council. Action may be taken under this Policy in addition to any available civil or criminal action.

CITY COUNCIL POLICY

NUMBER: 37

DATE ADOPTED/AMENDED: 01/07/03 (Amended 9/15/09 and 12/20/11)

SUBJECT: Naming of Public Facilities and Placing of Monuments and Other Memorials

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POLICY:

It shall be the policy of the City Council to name City facilities in the following manner:

- **General**
  The policy of the City is to name facilities in a manner that will provide an easy and recognizable reference to the City's residents and visitors.

- **Geographic Location**
  Whenever possible, City facilities will be named for their geographic location. The geographic location may be based on the identification of the facility with a specific place, neighborhood, street, topographic or other natural feature, such as a drainage course, tree or plant species, or historical precedent.

- **Individual/Organizational Recognition**
  The naming of City facilities in honor of individuals or community organizations will be a rare event, and will be considered under the following conditions:

  1. The individual, a family or a community organization has made exceptional contributions to the City, including one or more of the following: a) financial gifts, b) public service as an elected official, c) public service as a community volunteer, or d) long term sponsorship agreements.
  2. There should be a well-defined connection between the contributions of the individual or community organization and the City facility.
  3. The significance of the contribution from the individual/organization needs to be evaluated in relation to the impact of the City facility. Individuals and organizations that have made contributions of regional or community-wide significance may be considered for naming of facilities that serve the entire City. Individuals and organizations that have made significant contributions to a particular area or neighborhood may be considered for the naming

of facilities that serve these areas or neighborhoods within the City, including recreational and other amenities within City parks.

4. When considering naming a City facility after an individual, a period of at least three (3) years shall have passed following the death of such person to allow perspective and an appropriate period of reflection.
5. Only a current Mayor or City Councilmember may nominate an individual to have a City facility named in his or her honor, and the determination will be made by the City Council.

City policy does not preclude additional opportunities for recognition that may be created in the future. For instance, the Point Vicente Interpretive Center is planned to include exhibits that may be funded by individual or corporate donations. Recognition of such donations may include a donor wall within the Interpretive Center, or recognition of a contributor's sponsorship of a specific exhibit.

It shall be the policy of the City Council to allow the placing of monuments and other memorials on City properties under the following guidelines:

- **Monuments**
  Monuments in honor or in memory of persons may be permitted, in rare cases, on City property with permission of the City Council under the following conditions:

  1. The person memorialized is closely associated with the area where the monument will be located. The person memorialized is known to, and revered, by a significant number of City residents.
  2. The monument design is discreet and unobtrusive and designed to blend into the surrounding area. A small plaque on a large rock (4 cubic feet) would be appropriate. The location of the monument will be determined by City staff with approval of the City Council.
  3. Costs of design, installation and maintenance of the monument will be determined by the City and borne by the requestor at the discretion of the City. Only City personnel or City contractors may perform work on City property.
  4. The monument is only a marker and is not a place of worship, a cemetery or official gathering place. Flowers, and other memorabilia are not permitted and will be removed by maintenance personnel.
  5. The City is not responsible for damage or deterioration of the monument and may remove it at any time for any reason with permission of the City Council.

- **Benches or Trees**
  Benches or trees in honor or in memory of deceased persons may be placed in City parks, or other City spaces, at the discretion of the City Manager under the following conditions:

  1. The bench design, or tree species, will be determined by the City and the location of the bench or tree will be selected by the City.
  2. A relatively small plaque (5" x 8"), with inscription or other written memorial information may be placed on the bench or near the tree.
  3. Costs of design, installation and maintenance of the bench or tree will be determined by the City and borne by the requestor at the discretion of the City. Only City personnel or City contractors may perform work on City property.
  4. The bench, or tree, is only a marker and is not a place of worship, a cemetery or official gathering place. Flowers, and other memorabilia are not permitted and will be removed by maintenance personnel.
  5. The City is not responsible for damage or deterioration of the bench or tree and may remove it at any time for any reason without replacement.

It shall be the policy of the City Council to establish a "Wall of Honor" under the following guidelines:

- **Wall of Honor**
  The Wall of Honor will memorialize the names of distinguished community leaders who have made substantial contributions to the City of Rancho Palos Verdes under the following conditions:

  1. Persons nominated for the "Wall of Honor" shall have been dedicated community leaders who have contributed significantly to the quality of life offered by the City and realization of the vision expressed in the original General Plan. The honoree must have had a significant presence in the community throughout a good portion of their life and should have made notable impacts on sustaining the quality of life of the residents of Rancho Palos Verdes.
  2. Persons nominated for inclusion on the "Wall of Honor" will be deceased and will not have been previously honored by other actions of the City such as facilities named in their honor or other memorial.
  3. When a person is nominated for inclusion on the "Wall of Honor" staff should consult with the Palos Verdes Peninsula Library District, local historical society or other appropriate sources to

determine the significance of the individual's contributions to the community and report these findings to the City Council.

4. Only a current Mayor or City Councilmember may nominate a citizen to be included on the "Wall of Honor." The determination of the persons who will be included will be made by the City Council.
5. The location of the "Wall" and the format of names and inscriptions shall be established by the City Council.

BACKGROUND

The City of Rancho Palos Verdes has lacked a uniform policy to assist the City Council and to guide staff in the naming of City facilities, including parks and open space areas, buildings, streets and other public amenities. In addition, there have been no formal policies or guidelines for honoring City leaders, nor for memorializing persons whose loved ones simply want to provide a remembrance in the form of a bench or tree.

Although the City has had no formal policy for naming public facilities and sites in honor of persons, there are precedents. Fred Hesse Park and Community Center is named for a City founder, Robert Ryan Park is named for a former Mayor and Councilmember and Vanderlip Park is named for an original Peninsula landowner. There is a GPS monument at Portuguese Point named in honor of Dr. Perry Ehlig. There is a trail below Ocean Terrace Drive known as the McBride Trail in honor of the man who constructed it. There are also three small memorials, one near Ladera Linda Community Center, one at the Point Vicente Interpretive Center and the other near Inspiration Point that honor persons who died prematurely. Finally, there have been numerous requests from individuals to install park benches or plant trees in memory of deceased loved ones, many of which have been granted.

The development of a Policy to guide the naming of City facilities, the permitting of monuments, benches and trees is intended to enable these processes to be conducted in an equitable, objective and consistent manner. In addition, the establishment of a "Wall of Honor" will offer a new formal opportunity for honoring community leaders.

CITY COUNCIL POLICY

NUMBER: 38

DATE ADOPTED/AMENDED: 03/02/04

SUBJECT: Disclosure of Elected and Appointed Officials' Personal Information

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POLICY:

It shall be the policy of the City Council that personal information about elected officials and appointees to the City's various advisory boards shall be handled in the following manner:

- The name, term of office, City-created e-mail address and City Hall telephone number shall be posted on the City's website.

- Additional information, such as home address, home or business telephone numbers, fax number and personal e-mail address will be posted on the City's website or disseminated to the public only when an elected official or appointee has given written permission to the City for such disclosure.

- The home addresses and the address of any other property within the City, which is owned by an individual City Council Member or an appointee, can be obtained at City Hall by submitting a written request therefor to the City Clerk.

- Telephone messages for City Council members will be transmitted through the City Manager's office. Telephone messages for appointees shall be transmitted through the staff liaison assigned to that City commission or committee.

BACKGROUND:

Presently, the City has had no written policy regarding the publication of certain information about elected and appointed officials. Although the practice of the City has been that both elected and appointed officials shall be accessible to the public, the advent of the worldwide Internet has added an element of concern relative to the compromise of a person's privacy. Moreover, Government Code Section 6254.21 has been amended to prohibit the posting of a home address and telephone number of any elected or appointed official without the written permission of that individual. This City Council policy is intended to respond to this concern for privacy.

CITY COUNCIL POLICY

NUMBER: 39

DATE ADOPTED/AMENDED: 06/01/04

SUBJECT: Written Communications among Councilmembers and Members of City Commissions and Committees about Agenda Items

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POLICY:

This policy governs any written communications, including, but not limited to, communications by email, statements of policy or position, and questions posed to City staff ("Written Communication") if it: (1) is prepared or presented by a member of the City Council or a member of a City commission or committee ("legislative body"); (2) is to be distributed or disseminated among a quorum of the members of the legislative body of which that person is a member; and (3) concerns an item that is to be discussed at a duly noticed meeting of that legislative body. This policy is a limitation on the method by which Written Communications can be distributed among a quorum of members of City legislative bodies. Nothing in this policy shall be construed to permit or authorize any communication, written or otherwise, that does not comply with the provisions of the Ralph M. Brown Act, or other applicable provision of law.

It shall be the policy of the City Council that any Written Communication shall be submitted to the City staff person who is responsible for the preparation of the meeting agenda, by 9:00 a.m., on the date when the agenda of the meeting when the item is to be discussed is to be distributed to the members of the legislative body and made available to the public. Any Written Communication that is received by City staff after that deadline is to be held by the staff and shall not be distributed to the other members of the legislative body or made available to the public until the commencement of the meeting when the item is to be considered.

BACKGROUND:

The Ralph M. Brown Act, Government Code Section 54950, et seq., establishes the requirements that members of local governmental legislative bodies must follow so that city business is conducted in public at duly noticed meetings. (See, Government Code Section 54953(a).) Government Code Section 54952.2 (b) prohibits the use of direct communication, personal intermediaries or technical devices that are employed by the members of a legislative body to develop a collective concurrence on an action to be taken. California courts have interpreted this Section as also prohibiting the use of such devices to ascertain facts or exchange information regarding a proposed action. In addition,

Government Code Section 54957.5(a) requires all agendas and other writings, which are not exempt from disclosure, that are distributed to the members of a legislative body to be made available to the public for review when the documents are distributed to a quorum of the members of the legislative body.

On occasion, members of City legislative bodies have prepared Written Communications asking questions of staff or asserting positions about an item that is to be discussed as part of the agenda of a duly noticed meeting of the legislative body of which that person is a member and have directed that the Written Communications be distributed to the other members of the legislative body. The purpose of this policy is to establish the process for distributing these Written Communications so that the members' concerns, comments and questions can be conveyed to, and considered by, the other members of the legislative body in compliance with the provisions of the Brown Act.

CITY COUNCIL POLICY

NUMBER: 40

DATE ADOPTED/AMENDED: 04/19/05

SUBJECT: Programming on Cable Television Government Access Channel 3

POLICY:

It shall be the policy of the City Council to limit the types of programming aired on government access Channel 3 to the following productions provided by the cable operator to each city through its respective franchise agreement:

City Council meetings
Planning Commission meetings
City-sponsored Public Service Announcements (PSAs)
City-sponsored Special Event Shoots

In addition, the following programs are "grandfathered" on Channel 3:

PVP School District Board Meetings
PVP Library District Board Meetings
PVP Coordinating Council monthly meetings
PVP Land Conservancy monthly nature hikes
PVP Unified School District Elementary Choral Music Festival (spring)
City of Rancho Palos Verdes City Talk monthly program

The weekly Channel 3 program schedule shall be approved by the Channel 3 Committee, consisting of one City employee from each of the three cities, as designated by its City Manager. All requests to air programming on Channel 3 beyond those listed above shall be reviewed and decided by the Channel 3 Committee.

Annually, the City Council will approve the topics for all City-sponsored Special Event Shoots, Public Service Announcements (PSAs) and RPV City Talk episodes.

BACKGROUND:

Cable Television Channel 3 is the local government access channel provided by the cable operator as a condition of the cable television franchise agreement with cities of Rancho Palos Verdes, Palos Verdes Estates and Rolling Hills Estates. Through the franchise agreements with each city, the cable operator is required to broadcast specified programming on this channel. The City Council

recognized the need to set guidelines for the types of programming that will be shown on Channel 3 due to the fact that the City shares this cable television government access channel with other Peninsula cities and receives requests from time to time to air programming on this channel from outside agencies and other organizations.

CITY COUNCIL POLICY

NUMBER: 41

DATE ADOPTED/AMENDED: 12/02/08 (Amended 04/30/13)

SUBJECT: Reserve Policies

POLICY:

The City utilizes a variety of accounting funds for accounting and budgeting for revenues and expenditures of the City. Appropriations lapse at each fiscal year-end. The City Council authorizes continued appropriations for certain incomplete capital projects, other one-time projects and services which have not been billed. Remaining dollars left in each fund that are undesignated and unencumbered constitute available reserves of the City. It is appropriate that reserve policies for the City be established for each of the various funds, that the purpose of these reserves be designated, and that dollars available in excess of the reserve amounts be appropriately and effectively utilized. This policy governs the City's reserves as follows:

A. General Fund

The City will maintain a minimum fund balance of at least 50 percent of annual operating expenditures in the General Fund. This is considered the minimum level necessary to maintain the City's credit worthiness and to adequately provide for:

1. Economic uncertainties, local disasters, and other financial hardships or downturns in the local or national economy.
2. Contingencies for unseen operating or capital needs.
3. Cash flow requirements.

B. Capital Improvement Fund

The City will maintain a minimum of $3 million in the Capital Improvement Projects (CIP) fund as a reserve for major improvement projects related to roadways, storm drains, parks, buildings, rights-of-way, and the sewer system. Subject to the annual budgeting process, the CIP reserve will be funded, to the extent possible, by allocating the following to the CIP fund:

1. Amounts equal to the annual transient occupancy tax (TOT); and
2. Amounts equal to the prior year General Fund favorable expenditure variance, when applicable.

All interest earnings in this fund will be used for capital improvement projects.

C. Equipment Replacement Fund

The City will maintain retained earnings equal to the estimated replacement cost for equipment assets held by this fund.

D. Water Quality Flood Protection Fund

Project spending in the Water Quality Flood Protection (WQFP) fund fluctuates year to year. The Storm Drain User Fee is a source of funding for these projects. To avoid a fluctuating Fee, the City will maintain retained earnings over the life of the WQFP fee to establish rate stabilization, thereby enabling fund availability for scheduled projects and maintenance.

E. Building Replacement Fund

The City will maintain retained earnings in this fund to accumulate monies and interest earnings to finance major improvements (e.g. roofing), and partially provide for future replacement of City owned buildings.

F. Utility Undergrounding Fund

The City will maintain retained earnings in this fund to accumulate monies for relocating utility poles and lines on City arterial roadways underground, as well as provide residents assistance with the process leading to utility undergrounding in residential areas of the City.

G. Street Maintenance Fund

The City will maintain a minimum of one year's appropriations for road maintenance on Palos Verdes Drive South in the landslide area.

H. Habitat Restoration Fund

The City will maintain a minimum of $50,000 in this fund as required by the National Communities Conservation Plan (NCCP) for emergency use for habitat restoration purposes in addition to maintaining any interest earnings.

I. Subregion One Maintenance Fund

As part of the development agreement for Subregion One, the developer provided $750,000 as an endowment to generate interest earnings for future maintenance of the open space area in Subregion One.

J. Improvement Authority Abalone Cove Fund

In connection with the Horan lawsuit, the Redevelopment Agency's Reimbursement and Settlement Agreement with property owners and the County stipulated that $1,000,000 of County loan proceeds was to be deposited in the Abalone Cove Maintenance Nonexpendable Trust Fund of the Joint Powers Improvement Authority. Interest earnings from this deposit are used to maintain landslide abatement facilities in the Abalone

Cove area of the active landslide, except sewers in accordance with the reimbursement and settlement agreement

Reserve levels will be reviewed annually during the budget process. Any recommended adjustments to reserve levels will be presented to City Council for its consideration during the annual budget process.

COMMITMENTS AND ASSIGNMENTS OF FUND BALANCE:

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides the City with a method to self-classify fund balance for financial statement reporting purposes.

A. Committed Fund Balance

Fund balance may be committed to specific purposes using its highest level of decision-making authority, the City Council. It is the City Council's policy that commitments of fund balance for a fiscal year must be adopted by resolution prior to fiscal year end. Amounts that have been committed by the City Council cannot be used for any other purpose unless the City Council adopts another resolution to remove or change the constraint.

B. Assigned Fund Balance

The General Fund balance may be assigned for amounts the City Council intends to use for a specific purpose. It is the City Council's policy that assignments of fund balance for a fiscal year must be approved by minute-order of the City Council prior to the fiscal year end. Any changes to assignments must also be made by minute-order of the City Council.

It is the City Council's policy to spend classified fund balance in the following order when amounts in more than one classification are available for a particular purpose:

1. Restricted Fund Balance – amounts constrained to specific purpose by their providers through constitutional provisions or enabling legislation. Examples include grants, bond proceeds and pass-through revenue from other levels of government.
2. Committed Fund Balance – amounts constrained to specific purpose by resolution of the City Council.
3. Assigned Fund Balance – amounts in the General Fund which are intended to be used for a specific purpose, expressed by minute-order of the City Council.
4. Unassigned Fund Balance – amounts available for any purpose in the General Fund.

BACKGROUND:

Reserves, rainy-day funds, or contingency funds are a prudent fiscal policy and an important credit factor in the analysis of financial analysis and management. Local governments have experienced much volatility in their financial stability due to the economy, natural disasters, terrorist attacks, and actions taken by state government which includes taking revenues from local governments to resolve state budget problems. California cities are at an even greater disadvantage than the rest of the country due to the unique regulations imposed by Proposition 13, and the inability to raise property taxes if the need would arise. Sound financial management includes the practice and discipline of maintaining adequate reserve funds for known and unknown contingencies. Such contingencies include, but are not limited to: cash flow requirements, economic uncertainties including downturns in the local, state or national economy, local emergencies and natural disasters, loss of major revenue sources, unanticipated operating or capital expenditures, uninsured losses, tax refunds, future capital projects, vehicle and equipment replacement, and capital asset and infrastructure repair and replacement. The establishment of prudent financial reserve policies is important to ensure the long-term financial health of the City.

CITY COUNCIL POLICY

NUMBER: 42

DATE ADOPTED/AMENDED: 08/18/09

SUBJECT: Form of Staff Recommendations to the City Council

POLICY:

It shall be the policy of the City Council that in preparing staff reports to the City Council, Staff will clearly present its independent and professional recommendation to the City Council under the customary "Recommendation" section of the staff repot, in addition to presenting the recommendation or decision of the Planning Commission or other advisory board or committee on the matter in question.

BACKGROUND:

When land use planning items that involve Planning Commission review are presented to the City Council, it has been Staff's practice to recommend upholding the Planning Commission's decision or recommendation to the Council--even in situations where Staff's best professional judgment would dictate otherwise.

Staff's practice of deference to the Planning Commission has deprived the City Council and the public of the professional opinion of City Staff and has caused some confusion among the public and some Council Members as to what Staff's professional advice is. As a result, on July 21, 2009, the City Council discussed this matter and agreed to adopt a policy that Staff will clearly provide its best judgment and recommendation to the City Council, even in instances where its recommendation would be to overturn the Planning Commission's decision. The Planning Commission's decision and its rationale for the decision would continue to be explained in detail in the staff report. Furthermore, the Chair or other member of the Planning Commission or advisory board still should attend the Council meeting and describe the Planning Commission's deliberations.

The purpose of setting this policy is to have a consistent policy that applies across the board that the Council always wants to have Staff's best advice stated clearly in all staff reports, even if the Council may ask for other alternatives, and even if the Council chooses not to follow the Staff's advice from time to time. Therefore, this policy is applicable to the recommendations or decisions of any City advisory board or committee and is not limited to matters before the City Council that have been reviewed by the Planning Commission.

CITY COUNCIL POLICY

NUMBER: 43

DATE ADOPTED/AMENDED: 06/19/12

SUBJECT: Banking Services Procurement

POLICY:

Biannual Evaluation

The City Treasurer shall perform a biannual evaluation of the City's banking fees and services, which are defined to include:

1. Demand deposit accounts;
2. Merchant credit card processing;
3. Payment card program; and
4. Custody arrangements (only if utilized).

The biannual evaluation should consider:

1. The financial condition of the City's banking institution(s), which may include a review of the institution's Consolidated Reports of Condition and Income ("call reports"), loan delinquency rates, charge-offs, compliance with public agency collateralization requirements, and audited financial statements to be performed by either City Staff or a treasury advisor;
2. The current level of customer satisfaction with the existing banking institution(s);
3. Any changes to services and fees; and
4. Desired changes of services.

The results of the analysis shall be reported to the City Council.

Competitive Process Every Six Years

The City's Purchasing Ordinance (Chapter 2.44 of the Municipal Code) provides an exception for financial services (such as banking) from the bid requirements. Recognizing that a competitive process is costly and the benefits derived may not outweigh those costs, the City Council has determined that it is in the best interest of the City to conduct a periodic competitive process for the procurement of banking services.

The City Treasurer shall initiate a competitive procurement for banking services every six years beginning in 2012. The process shall include a Request for

Proposal (RFP) that includes services (both required and optional), fees, earnings credit rates, and availability schedules for deposited funds. The competitive process will replace the biannual evaluation of banking services and fees, in the year in which the competitive process is performed.

Prior to issuing the RFP, the City Treasurer shall perform a comprehensive evaluation of needs and services; which may include meeting with several banking institutions to identify desired services to be added to the RFP.

The City Treasurer's evaluation of Proposals should include:

1. A determination of whether the institution meets or exceeds federal regulatory capital requirements;
2. The institution's knowledge of and ability to adhere to California Government Code collateralization requirements;
3. A confirmation of Federal Deposit Insurance Corporation (FDIC) coverage;
4. The institution's experience serving the government sector;
5. The benefits and costs of paying for services through direct fees, compensating balances, or a combination of the two;
6. The institution's use of technology; and
7. The customer service level proposed, as well as inquiries to identify the satisfaction level of other local governments.

Prior to making a recommendation, the City Treasurer shall utilize independent bank evaluation services at a reasonable cost to verify the creditworthiness of up to three financial institutions participating in the competitive process. The independent evaluator may be a financial consultant with the necessary experience to perform the evaluation.

The report to City Council should include:

1. Proposed contracts that specify services, fees, and collateral requirements;
2. Results of the City Treasurer's evaluation;
3. Results of the independent evaluator's evaluation of creditworthiness; and
4. A recommendation to either continue the City's current banking relationship(s), or to retain the services of a new banking services provider.

CITY COUNCIL POLICY

NUMBER: 44

DATE ADOPTED/AMENDED: 12/17/13

SUBJECT: Audit Committee

PURPOSE

The Audit Committee will serve the City of Rancho Palos Verdes to provide review and oversight of independent audit of the City's financial statements. The Audit Committee shall report all findings to the City Council.

COMPOSITION, QUALIFICATIONS AND COMPENSATION

The Audit Committee is established as a subcommittee of the City Council, comprised of two members of the City Council, annually appointed by the Mayor. If the Audit Committee does not have a member that is technically qualified to properly review the City's financial statements, the Committee may elect to retain the services of a third-party professional, such as a Certified Public Accountant with experience serving local government. The City's independent financial statement auditor(s) shall report directly to the Audit Committee. Members of the Audit Committee do not receive compensation, nor will be eligible for reimbursement.

SCOPE OF RESPONSIBILITIES

The scope of responsibilities are summarized as follows:

1) Make a recommendation regarding selection of the City's independent financial statement auditor during the procurement process. Typically, the City issues a new contract for independent audit services every 3 to 5 years.
2) Meet with the independent auditor at least twice during each annual engagement, including an audit planning meeting and an exit interview.
3) Analyze and report to the City Council any significant findings of the annual audit and possibly make recommendations regarding such findings.
4) Provide findings, if any, to the City Council regarding the following reports:
    a. City's Comprehensive Annual Financial Report (CAFR);
    b. Separately issued financial statements of the Improvement Authority;
    c. Internal Control report prepared by the independent auditor;
    d. Single Audit Report for federal financial assistance (if applicable); and
    e. Management Letter prepared by the independent auditor, and management's response (if applicable).

5) Any other tasks assigned by the City Council

Annual Report to the City Council

After reviewing the City's CAFR, the Audit Committee shall make a report of its findings, if any, to the City Council. In its annual report, the Audit Committee shall specifically state whether it has discussed the financial statements with management and the independent auditors.

Reports of Financial Malfeasance

If the City receives any reports of financial malfeasance, such as those from an internal whistleblower or those from an outside party, the report shall be forwarded to the Audit Committee for consideration. If the report is found to be credible, the Audit Committee shall retain an independent third party with sufficient expertise to conduct an investigation. Upon completion of the investigation, the Audit Committee shall report its findings directly to the City Council and offer recommended action.

MEETINGS

The City of Rancho Palos Verdes Audit Committee shall meet at minimum semi-annually (one planning meeting and one exit meeting) with the City's independent auditor. The Audit Committee shall schedule further meetings as they see fit. The meetings of the City of Rancho Palos Verdes Audit Committee shall be subject to the Ralph M. Brown Act.

CITY COUNCIL POLICY

NUMBER: 45

DATE ADOPTED/AMENDED: 12/17/13

SUBJECT: Balanced Operating Budget

POLICY:

The City Council shall adopt an annual operating budget where recurring expenditures do not exceed recurring revenues, and ongoing program expenditures are not funded with one-time revenue sources. One-time or unpredictable revenue sources shall be used for capital spending and other non-recurring expenditures.

To assist the City Council with enforcing this policy, the annual General Fund budget presentation shall include identification of one-time or unpredictable revenues and one-time expenditures.

Prior to taking action, the City Council shall be advised by City Staff if the proposed action will result in a deviation from this policy. Furthermore, City Staff must publicly disclose to the City Council any deviation from a balanced General Fund budget, whether planned or not. If the General Fund budget becomes structurally unbalanced, Staff will offer alternatives and a recommendation to the City Council.

BACKGROUND:

A structurally balanced operating budget will support financial sustainability for the City's future. The definition of a structurally balanced operating budget is one where recurring revenues are greater than or equal to recurring expenditures. For the City of Rancho Palos Verdes, the operating budget is the General Fund budget.

Recurring revenues are defined as those which can reasonably be expected to continue from year to year, with some degree of predictability. Property tax revenue is an example of recurring revenue. Grants from outside agencies and lawsuit settlements are examples of one-time or unpredictable revenues.

Recurring expenditures are defined as those which can reasonably be expected to be funded every year in order to maintain the current levels of City services. Staff salaries and the costs of park maintenance are examples of recurring expenditures. Capital asset acquisitions (e.g. rehabilitation or improvement of the City's infrastructure) are typically not considered recurring, as the same

assets are not acquired or rehabilitated each year. Although deferred maintenance of City infrastructure is not advisable, the City has a greater degree of flexibility to adjust spending to maintain its capital assets in reaction to budgetary shortfalls.

Reserves are the portion of certain fund balances that are set aside as a hedge against risk as defined in City Council Policy Number 41: Reserve Policies. If Reserves are maintained at their desired levels, it is an indication that the City is maintaining a structurally balanced budget.

CITY COUNCIL POLICY

NUMBER: 46

DATE ADOPTED/AMENDED: 03/04/2014

SUBJECT: Disclosure of City Council Members' E-Mails and Other Correspondence Solely in the Possession of City Council Members in Response to Public Records Act Requests

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POLICY:

This policy requires disclosure of non-exempt email concerning City business that was sent to Council members through City email accounts (@rpv.com), along with all replies from Council Members to these emails, even if the replies were sent through or from each Council member's personal accounts. The rationale underlying this policy for producing Council members' emails is that emails sent to Council members through their City email accounts are presumptively public records, and any replies or subsequent email exchanges related to those "@rpv.com" emails are also presumptively public records.

In other words, the policy basically follows the principle that a communication sent through City Hall is presumed to be a public record, even if only part of the communication flowed through the City's system. Additionally, even though a communication may be a public record, it may be exempt from disclosure under the Public Records Act, and this policy does not require the disclosure of exempt emails.

However, a written communication that is not sent or received through City Hall in whole or in part, even though it is in the possession of a Council member, is presumed to be a non-public record and is thus not subject to disclosure under the Public Records Act.

Non-Email Communications

Individual City Council members shall produce to the City Attorney's office for review any communication that is not an email, if it is responsive to a public records request, the City did not retain a copy, and was:

(1) Sent to or given to the Councilmember by the City;
(2) Received by the Councilmember addressed care of City Hall; or
(3) Sent to or given to the City by the Councilmember.

The City Attorney's office will review the non-email communications to confirm that they relate to the City's business, are not exempt from disclosure under the CPRA,

and are responsive to the request. Any non-email communication that fails one of those tests will not be produced.

Email Communications

In the event the City receives a CPRA request seeking Council member communications, City staff will search the City's email server for responsive emails that went through an "@rpv.com" email address.

Council members will not produce any emails exclusively in their possession that meet <u>all</u> of these parameters:

1. The email was not sent to or copied to a City email address, i.e. "[name]@rpv.com" or "cc@rpv.com;"

2. The email was not sent from or using a City email address, i.e. "[name]@rpv.com";

3. The email was not routed through "@rpv.com" in any way when it was sent or received, and

4. The email was not part of an email chain responding to an email received through a City email address, i.e. "[name]@rpv.com" or "cc@rpv.com."

Applying these rules, any email sent or received by a City Council member exclusively using his home or business email address, that was never routed through the City's email system and was never sent to, received from, or copied to someone with a "[name]@rpv.com" or "cc@rpv.com" City email address, would not be produced to the City Attorney's office for review, although they would be preserved by each Council member if responsive to a public records request. For responsive emails that are part of an email chain, every email in the email chain must pass this test; if it does not, the Council member would provide it to the City Attorney's office for review if the City does not already have a copy, with the following exception:

<u>Exception</u>: If an email is addressed to a Council member's personal email address and is not copied to that Council member's City email address, and the Councilmember replies to the email using his or her personal email address, then the Council member's reply would not be produced to the City Attorney's office for review even if other "@rpv.com" email addresses had been copied on the message that was originally sent to the Council member's personal email address; provided, however, if the Council member subsequently sends the email to an "@rpv.com" email address, or if the recipient of the Council member's email sends the email chain to an "@rpv.com" email address, then the email would be located on the City's email server and it would presumptively be a public record.

Further, any emails exclusively in the possession of individual City Council members shall be produced by each City Council member for review by the City Attorney's office, if the emails are responsive to a public records request and meet either of these two tests:

a. The email was sent to or through the City Council email address, "cc@rpv.com," regardless of the way it was ultimately downloaded or received by the City Council member, the City Council member replied using a non-City email address, and the reply email was not sent to an "@rpv.com" email address.

b. The email was sent to or through the individual Council member's City email address, "[yourname]@rpv.com," regardless of the way it was ultimately downloaded or received by the City Council member, the City Council member replied using a non-City email address, and the reply email was not sent to an "@rpv.com" email address.

The phrase "using a non-City email address" includes email sent through the Council member's personal or business ISP provider or email account, when it is responding to an email sent to or through "cc@rpv.com" or "[yourname]@rpv.com."

Because litigation could result from a public records request, City Council Members would continue to be obligated to retain and preserve all responsive emails in their current form and format for the time period covered by a public records request, even if the emails do not have to be provided to the City Attorney for review under this policy.

The policy recognizes that the City has, for the past two years, been preserving on the City's email server all email that was sent or received through an "@rpv.com" email address. City staff will collect email sent through the City's email server that is responsive to a public records request.

In the event a public records request seeks City Council member email that precedes the implementation of the email server, Council members shall work with the City Attorney's office to produce for review any email in their possession that went through an "@rpv.com" email address in whole or in part.

The policy also recognizes that there are various methods by which a City Council member may access their email addressed to a "cc@rpv.com" or "[yourname]@rpv.com" email address, and that a City Council member may reply to that email through a non-City email address. Regardless of whether a Council Member accesses these emails through a web interface, downloads to a home email or business email program (e.g., MS Outlook), or receives it as a "forwarded" message to the Council Member's home or business email address, if it originally was sent to "cc@rpv.com" or "[yourname]@rpv.com", and the Council member replies using a non-City email address, and the reply email was not sent to an

“@rpv.com” email address, these emails would be produced for review by the City Attorney’s office.

Just as with non-email communications, the City Attorney’s office will review the emails to confirm that they relate to the City’s business, are not exempt from disclosure under the CPRA, and are responsive to the public records request. Any emails that fail one of those tests will not be produced.

BACKGROUND:

Requests for public records made pursuant to the California Public Records Act (“CPRA”) have increased dramatically over the last several years. Requests for public records often include emails and correspondence to and from City Council Members regarding a variety of topics.

The CPRA defines local public records as follows:

> "Public records" includes any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. …”

(Government Code Section 6252(e).)

The CPRA requires the City to disclose upon request public records that are within the possession of the City and are not exempt from disclosure. A key issue that often arises is whether to produce non-exempt responsive “writings” that are solely in the possession of City Council members and are not within the possession of the City or its Staff. The policy set forth above addresses that issue.

The policy provides the rules that will be followed with respect to the production of communications and documents that are within the scope of a public records request but are solely within the possession of individual City Council Members. This policy conforms to the decision of the Superior court in the *City of Tracy* case. If the *Smith v. City of San Jose* case or another case is decided by the Court of Appeal in a manner that differs from this policy, or if the Legislature amends the CPRA to address the issue of Council emails and correspondence that are not in a city’s possession, this policy will need to be revised to comply with the new statute or court opinion. Additionally, in the event the City Council determines that the City should cease preserving all City email that goes through an “@rpv.com” email address, this policy will require revision.

CITY COUNCIL POLICY

NUMBER: 47

DATE ADOPTED/AMENDED: 4/1/2014

SUBJECT: Confidentiality of Attorney-Client Privileged Communications

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POLICY:

The purpose of this policy is to protect confidential communications between the City and its attorneys. The determination of whether a communication between the City Attorney and the City is a confidential attorney-client privileged communication requires an interpretation of law as applied to specific facts. For this reason, the City Council should consult with the City Attorney before making any public disclosures of communications that potentially fall within the definition of an attorney-client privileged confidential communication.

A. Prohibitions Against Disclosure

1. Unless authorized by an affirmative vote of a majority of the Members of the City Council, no City Council Member in receipt of any confidential attorney-client privileged communication shall disclose or cause to be disclosed all or part of any privileged confidential communication to any unauthorized person.

2. Any Council Member who discloses or causes to be disclosed any attorney-client privileged confidential communication to any unauthorized person may be subject to public censure by the City Council. Any censure proceeding shall be conducted in public at a duly noticed City Council meeting. No public censure will occur unless the accused Council Member has been provided with notice of the accusation and the facts underlying such accusation and an opportunity to be heard at the censure proceeding.

3. The City Council also may pursue other remedies authorized by California law against the Council Member, including filing a lawsuit to obtain an injunction against the unauthorized disclosures.

4. Further, the City Council may pursue all authorized remedies under state or federal law against the unauthorized person or persons who received unauthorized disclosures of privileged attorney-client confidential communications.

B. Definitions

1. “Agent of the City” means Council Members, City staff, City consultants, or other City representatives or officers, excluding the City Attorney.

2. "Cause to Be Disclosed" or “Unauthorized Disclosure” means the disclosure of a Confidential Communication to an unauthorized person or failure to exercise due care in maintaining the confidentiality of the Confidential Communication.

3. "City Attorney" means the person appointed by the City Council as the City Attorney and other attorneys working within the same law firm as the City Attorney, and special legal counsel retained by the City Attorney or by the City Council.

4. "Confidential Communication" means:

   a. Any confidential communication or information provided orally or in writing in preparation for or during a duly authorized closed session (See Gov't. Code Sec. 54963); or

   b. “Confidential communication,” as defined in Section 952 of the California Evidence Code, means information transmitted orally or in writing (including by email) between a client and the client’s lawyer “in the course of that relationship and in confidence by a means which, so far as the client is aware, discloses the information to no third persons other than those who are present to further the interest of the client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which the lawyer is consulted, and includes a legal opinion formed and the advice given by the lawyer in the course of that relationship.”

   c. Confidential Communication does not include information that is required by law to be reported out of closed session, is authorized by a majority of the City Council to be disclosed, or otherwise is authorized to be disclosed under the law.

5. “Person” includes any person, firm, association, organization, partnership, limited liability company, business trust, company or corporation, and any municipal, political or governmental corporation, district, body or agency.

6. "Unauthorized person" means:

a. With respect to confidential information communicated during a closed session, any person, other than a Council Member (subject to (c) below), not in attendance at the closed session; or

b. Any person to whom the oral or written confidential communication is not directed or addressed; or

c. Any person who has a disqualifying conflict of interest in the subject matter of the information contained in the confidential communication.

d. Unauthorized person does not include the City Manager, the Deputy City Manager, and Department Heads and other City officers or employees or City consultants when such persons have a need to know the information contained in the confidential communication in order to discharge the duties of their positions for the benefit of the City.

C. Acknowledgement of this Policy

Each Member of the City Council and each Member of City Management Staff shall be provided with a copy of this policy and shall be required to sign a form acknowledging that he or she has received a copy of this policy and will abide by its provisions.

BACKGROUND

The City Council as a body is the holder of the attorney-client privilege for the City of Rancho Palos Verdes regarding all attorney-client privileged communications, including communications exchanged with the City Council, individual Council Members, and even with respect to attorney-client privileged legal opinions or communications that the City Attorney exchanges with the City Manager, or other City officers and employees.

Only the City Council acting as a body may choose to waive the City's privilege with respect to attorney-client privileged communications. Individual members of the City Council and City officers and employees, including the City Manager and the City Attorney, may not waive the City's attorney-client privilege. This means that confidential attorney-client privileged communications cannot be disclosed unilaterally by an individual Council Member to any person who does not fall within the City's attorney-client privilege without having prior approval of the disclosure by a majority of the Members of the City Council.

In order to keep the City Council fully informed about pertinent legal issues that may impact the City Council's decision-making, the City Attorney issues confidential legal opinions or conducts closed sessions when authorized to do so by the Ralph M. Brown Act.

The City's Attorneys also provide confidential legal advice to the City on matters that may be subject to limitations on dissemination of information under federal or state law to only specified persons or under specified circumstances. As examples, state or federal law may limit dissemination of information and documents in order to comply with the requirements of the federal Family and Medical Leave Act, the California Family Rights Act, the Penal Code, and/or the right of privacy guaranteed under California Constitution, Article I, Section 1; to preserve the due process rights of City employees on disciplinary matters and third parties on adjudicatory matters that will come before the City Council; and to protect discovery of the mental processes of individual Council members in evaluating legislative proposals that will be presented for action to the City Council.

Unauthorized disclosures of confidential information obtained from the City Attorney, including from closed sessions or from legal opinions, email or other confidential communications that are subject to the attorney-client privilege cause harm to the City or to other persons protected by other provisions of federal or state law. Harm to the City from such breaches of confidentiality could include unwarranted litigation exposure and significant damages awards against the City.

CITY COUNCIL POLICY

NUMBER: 48

DATE ADOPTED/AMENDED: 4/15/2014

SUBJECT: City Council Member Requests to Review Attorney-Client Privileged Communications

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POLICY:

The purpose of this policy is to protect confidential communications between the City and its attorneys, while making such records available for review by a City Council Member in the performance of his or her duties.

A. Requests to Review Attorney-Client Privileged Confidential Communications.

1. A Member of the City Council may make a request to the City or to the City Attorney's Office to review written confidential communications that are within the scope of the City's attorney-client privilege, in connection with the performance of his or her duties as a Council Member.

2. Such request is not a Public Records Act request, and the Council Member shall maintain as confidential the confidential communications and the information contained therein, and shall not disclose them to unauthorized persons, as defined below.

3. In the interest of fiscal responsibility and staff efficiency, a request to review such records shall reasonably describe an identifiable record or records either by topic or timeframe or both. The City Attorney and City Staff shall keep a record of the time that is spent in responding to requests from Council Members for confidential communications.

4. If a Council Member requests a copy of a confidential communication, paper documents may be provided in paper form for review by the City Council Member at City Hall during the City's normal business hours. Electronic records shall be provided electronically for review by the Council Member on a City-owned computer at City Hall during the City's normal business hours. Alternatively, if the City Council Member cannot review documents during the City's normal business hours, the City Council Member may schedule a date and time to meet with the City Attorney to

review the documents. No photograph, copy (electronic, paper or otherwise) shall be provided or permitted, unless authorized by the City Council. If the Council Member asserts that he or she cannot comply with this Paragraph 4, the Council Member shall request authorization from the City Council to deviate from the provisions of this Paragraph.

B. Process to Request a Waiver of Confidentiality

1. A Council Member who desires to disclose a confidential communication may only do so by vote of the City Council.

2. In order to obtain the waiver of confidentiality from the City Council, the Council Member must make a request of the City Attorney's Office to:

   a. Review the confidential information and analyze the risks of disclosure in the given matter;

   b. Determine the forum for discussion and vote of the City Council;

   c. Agendize the matter on behalf of the Council Member.

3. The Council Member must make the request to waive confidentiality to the City Council in the appropriate forum.

4. If the City Council denies a City Council Member's request to waive confidentiality and the City Council Member disagrees with the City Council's decision because he or she contends that the communication is not privileged and/or that the facts and circumstances warrant waiver of confidentiality, the City Council Member may request a second legal opinion in accordance with the following procedure.

   a. The City Council Member shall identify to the City Attorney and City Council the specific communication at issue, and the reasons why he or she contends that the communication is not privileged, or that based on particular facts and circumstances confidentiality should be waived;

   b. Upon consideration of the City Council Member's request, the City Council in its sole discretion may (i) deny the request for a second legal opinion; (ii) direct the City Attorney to retain a second legal opinion from another attorney in the City Attorney's law firm regarding the issues; or (iii) the City

Council may retain a second legal opinion from another attorney from a different law firm or law office. The City Council may thereafter make such decision on the Council Member's request as the City Council deems appropriate under the specific facts and circumstances.

C. By taking these steps, the City's attorney-client privilege will be preserved.

D. Definitions

1. "Agent of the City" means Council Members, City staff, City consultants, or other City representatives or officers, excluding the City Attorney.

2. "City Attorney" means the person appointed by the City Council as the City Attorney and other attorneys working within the same law firm as the City Attorney, and special legal counsel retained by the City Attorney or by the City Council.

3. For purposes of this policy, "confidential communication," as defined in Section 952 of the California Evidence Code, means "information transmitted between" an Agent of the City and the City Attorney "in the course of that relationship and in confidence by a means which, so far as the client is aware, discloses the information to no third persons other than those who are present to further the interest of the client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which the lawyer is consulted, and includes a legal opinion formed and the advice given by the lawyer in the course of that relationship."

4. "Unauthorized person" means:

   a. With respect to confidential information communicated during a closed session, any person, other than a Council Member (subject to (c) below), not in attendance at the closed session; or

   b. Any person to whom the oral or written confidential communication is not directed or addressed; or

   c. Any person who has a disqualifying conflict of interest in the subject matter of the information contained in the confidential communication.

d. Unauthorized person does not include the City Manager, the Deputy City Manager, and Department Heads and other City officers or employees or City consultants when such persons have a need to know the information contained in the confidential communication in order to discharge the duties of their positions for the benefit of the City.

BACKGROUND

The City Council as a body is the holder of the attorney-client privilege for the City of Rancho Palos Verdes regarding all attorney-client privileged communications, including communications exchanged with the City Council, individual Council Members, and with respect to attorney-client privileged legal opinions or communications that the City Attorney exchanges with the City Manager, or other City officers and employees. *While the City Council, acting as a legislative body, may choose to waive the attorney-client privilege as to certain communications, individual members of the City Council may not waive the privilege.*

A City Council Member, in connection with the performance of his or her duties as a Council Member, may need to review the legal advice provided to the City by the City Attorney, including legal advice upon which the City Council was not copied. At the same time, the City Council, mindful of the need to protect from inadvertent disclosure attorney-client privileged communications, has adopted this policy to balance facilitating the duties of Council Members while protecting from inadvertent disclosure attorney-client privileged communications.

This policy also preserves the ability of the City Attorney to provide advice to the City on legal matters where other provisions of federal or state law limit access of information or documents to specified City officials or employees. As examples, state or federal law may limit dissemination of information and documents in order to comply with the requirements of the federal Family and Medical Leave Act, the California Family Rights Act, the Penal Code, and/or the right of privacy guaranteed under California Constitution, Article I, Section 1; to preserve the due process rights of City employees on disciplinary matters and third parties on adjudicatory matters that will come before the City Council; and to protect discovery of the mental processes of individual Council members in evaluating legislative proposals that will be presented for action to the City Council.

With these concerns in mind, this policy requires prior review by the City Attorney of document requests and limits the distribution of copies of attorney-client privileged communications, while still providing access to such records to City Council Members.

CITY COUNCIL POLICY

NUMBER: 49

DATE ADOPTED/AMENDED: 9/16/14

SUBJECT: Coastal Specific Plan Corridors Element – Identifying a Viewing Station to Assess Visual Impacts of a Proposed Project Located Outside of a Visual Corridor

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POLICY:

To protect the visual relationship between Palos Verdes Drive West/Palos Verdes Drive South and the ocean in areas that are not part of an identified visual corridor, as identified in Figure 26 of the Visual Element, the City's Coastal Specific Plan states that no buildings should project into a zone measured 2-degrees down-arc from horizontal as measured along the shortest distance between the "viewing station" and the coastline (Page C-12 of the Coastal Specific Plan). It shall be the policy of the City that for purposes of this requirement, the "viewing station" shall be at an elevation that is 3-feet above the "fog line" (painted white line/bike lane line) adjacent to the vehicle travelling lane along the seaward side of Palos Verdes Drive West or Palos Verdes Drive South where the best and most important view exists over the site of the proposed project which may or may not be adjacent to the subject property line. This policy is not intended to supersede any existing condition of approval that is more restrictive in preserving views from Palos Verdes Drive West or Palos Verdes Drive South.

BACKGROUND:

The State of California's Coastal Act, enacted in 1976, mandates that coastal jurisdictions establish a local coastal plan that regulates local land use decisions within a defined coastal district. It is through the Coastal Act that the City's Coastal Specific Plan (CSP) was adopted by the City Council on December 19, 1978 thereby creating a Coastal District located seaward of Palos Verdes Drive West and South, along the City's 7.5 miles of coastline. The CSP is intended to protect the natural features, such as geology, shoreline character, and biota of the coastline while controlling the character of development and providing access to the coast. Similar to the City's General Plan, the CSP is divided into five elements, one of which is the Corridors Element.

The Corridors Element identifies five basic categories of "corridors." As utilized within the CSP, the term "corridor" includes a full range of interrelated linear and

non-linear elements that provide functional, protection and preservation, definitions and linking capabilities. One of the five corridors identified in the Corridor Element is the category of visual corridors.

Visual corridors have dimensions for “vistas” and “views.” Vistas have a viewing station, object or objects to be seen and an intermediate area. Views have a viewing station but do not have a specific focus or object to be seen and have broad focal points which have an unlimited arc and depth. The visual corridors identified in the CSP are considered to have the greatest degree of visual value and interest to the greatest number of viewers. As a result, the CSP sets criteria for identifying viewing stations to assess proposed development projects located within identified visual corridors. Furthermore, the CSP establishes specific height zones for projects located within the same identified visual corridors.

However, the CSP does not establish criteria for identifying viewing stations to assess the visual impacts of development projects located outside of a CSP visual corridor. This City Council policy establishes the criteria to be used to determine the location of the “viewing station” in areas located outside of a specified view corridor from which the visual impacts of proposed projects shall be assessed in order to maximize the protection of vistas and views within the Coastal District.

CITY COUNCIL POLICY

NUMBER: 50

DATE ADOPTED/AMENDED: 11/4/14

SUBJECT: Anonymous Fraud, Waste and Abuse Hotline

INTRODUCTION

The City of Rancho Palos Verdes ("City") is committed to protecting its assets against fraud, waste and abuse. Accordingly, it is the policy of the City to identify and promptly investigate any potential fraudulent, wasteful or abusive activities that impact the City's finances, personnel (Human Resources) or the public's assets and, when appropriate, to pursue legal remedies available under the law.

To accomplish this purpose, the City will provide a Fraud, Waste and Abuse Hotline ("Hotline") with the primary objective to provide a procedure for members of the public, employees, elected/appointed officials, or other persons to confidentially report (1) any fraudulent, wasteful or abusive activities that impact the City's finances, personnel (Human Resources) or the public's assets and (2) violations of all federal or state laws and regulations relating to finances, personnel (Human Resources) and/or the public's assets.

DEFINITIONS

Appointed Official

Members of the public appointed by elected officials to serve on City committees, City task forces and/or City commissions.

Case Manager

Every complete Hotline Report shall be immediately forwarded to a designated "Case Manager". Every Hotline Report that is validated by the Case Manager as being within the scope of this Policy shall also be forwarded to the City Attorney who shall ensure that every validated Hotline Report is investigated without conflict or bias. The Case Manager shall be sufficiently trained to evaluate the validity and urgency of the Report and may review any Hotline Report with the City Attorney and City Manager, as appropriate, to determine if further investigation is warranted. Depending on the subject matter of the Hotline report, the Case Manager could be a City employee or an independent third-party. The Case Manager and/or City Attorney and/or City Manager shall determine whether certain Hotline Reports

warrant immediate action and, if so, shall take such action, including providing the Hotline Report to any appropriate law enforcement and/or government agencies.

Case Reporting System

The Hotline Administrator shall provide a web-based interface to its secured database to enable authorized Case Managers, the City Manager, the City Attorney, and Investigators access to view and update cases, including attachments to reports, evidentiary documents, and case status reports.

Complainant

The person(s) filing a complete Hotline Report is the “Complainant”. At all times, information disclosed through the Hotline, including the identity of any anonymous Complainant and any parties identified by the person(s) making the Hotline Report are to remain confidential in accordance with the California Government Code.

Contractor

An independent person or company that provides materials or labor or performs a service for the City pursuant to a contract.

Elected Official

A member of the City Council.

Employee

Any individual who receives compensation, whether full or part-time, from the City.

Fraud, Waste and Abuse

Fraud, waste and abuse shall be defined in accordance with California Government Code Section §53087.6 as follows:

> “Any activity by a local agency or employee that is undertaken in the performance of the employee's official duties, including activities deemed to be outside the scope of his or her employment, that is in violation of any local, state, or federal law or regulation relating to corruption, malfeasance, bribery, theft of government property, fraudulent claims, fraud, coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty, is economically wasteful, or involves gross misconduct.”

Fraud, Waste and Abuse Hotline Administrator

The City shall retain a Hotline service provider ("Hotline Administrator") that shall facilitate the receipt of Hotline reports. Reports may be made anonymously (confidentially) at the discretion of the complainant. The Hotline Administrator shall provide hotline services, including, but not limited to: (1) operating a telephone call center, staffed 24/7 by competent, trained personnel; (2) forwarding hotline reports to a designated Case Manager; (3) maintaining a secure database for all reports submitted; (4) providing status updates to complainants, upon request; and (5) providing status and analytical reports to be used by Case Managers, management, elected officials and the public, as appropriate.

The phone number for the Hotline and the website URL address for the Hotline shall be prominently displayed on the City's website and other appropriate methods of public outreach will be implemented.

Hotline Report

Every complete report submitted to the Hotline via its "live" telephone call center and/or its web-based reporting system shall constitute a Hotline report ("Hotline Report").

Investigator

The investigation of a Hotline Report will be conducted without conflict or bias by a person(s) or organization ("Investigator") experienced in municipal government. The Investigator shall be selected by the Case Manager, the City Manager and/or the City Attorney in accordance with this Policy. There might be times when the complexity and risk associated with some Hotline Reports could require additional resources or experts currently not available within the City who may be utilized to assist in the investigation, oversee the investigation, or to conduct an independent review. These third-party experts may include, but are not limited to: the Case Manager, an independent CPA, an independent auditor, specialized labor counsel, a Certified Fraud Examiner, or an independent legal expert.

Validated Report

A Hotline Report made pursuant to this Policy that alleges fraudulent, wasteful or abusive activities that impact the City's finances, personnel (Human Resources) or the public's assets that has been reviewed by the Hotline Administrator and Case Manager and deemed a report that is covered by this Policy and which requires further review.

Volunteer

A person who voluntarily offers unpaid services to the City.

POLICY

This policy is established to ensure members of the public, elected officials, committee and commission members, volunteers, and employees are aware of the following:

1. Acts that are considered to be fraudulent, wasteful or abusive;

2. Procedures for reporting suspected fraudulent, wasteful or abusive acts; and

3. Steps to be taken when fraud, waste, abuse, or other related activities are suspected;

4. The responsibility of City officials and employees to institute and maintain a system of internal controls to prevent and detect fraud, waste and abuse as set forth in this Policy.

APPLICABILITY OF POLICY

This Policy applies to all contractors, volunteers, employees, elected officials, and members of the City's committees and commissions regarding potential fraudulent, wasteful or abusive activities.

This scope of this Hotline policy does not include reports/inquires that deal with customer service requests. The City currently has a "Non-Emergency Customer Service Requests" portal on its website that is designed to address incidents/inquiries that allow users to submit a report that is not related to personnel matters nor acts of fraud, waste and abuse. The process in its current form, requires a user to complete a form on the City's website. From there, it would be routed to the City Manager or appropriate department where appropriate action would be taken.

Examples of reports/inquiries that would not fall under the purview of the Fraud Hotline, but would be appropriate for the Non-Emergency Customer Service Requests" portal would include, but not limited to:

- Fallen trees
- Graffiti
- How to obtain a copy of a document
- Potholes
- Questions about renting park sites
- Street signs downed
- Neighbor disputes

CONFIDENTIALITY

All information disclosed through the Hotline, including the identity of anonymous person(s) making the Hotline Report, and the parties identified by the person(s) making the Hotline Report, are to be held in confidence in accordance with Section §53087.6 of the California Government Code as follows:

> "The identity of the reporting individual may not be disclosed without written permission of that person, unless the disclosure is to a law enforcement agency that is conducting a criminal Investigation. Id., subd. (e)(1). Accordingly, the procedures for receiving complaints must be tightly controlled, and the City staff responsible for complaint intake must be absolutely trustworthy."

PROCEDURES

It is the City's intent to fully investigate every validated Hotline Report objectively.

A. City officials and employees are responsible for the detection, reporting and prevention of fraud, waste and abuse, as set forth in this Policy.

B. The Case Manager has the primary responsibility for the complete investigation of all validated reports as defined in this Policy.

C. Throughout the Investigation, the Case Manager may inform the City Manager, City Attorney, HR Manager, Department Director(s), any required experts, and the Audit Committee, as appropriate, of pertinent investigative findings.

D. When informed of a Hotline Report relating to City personnel, neither the City nor any person acting on behalf of the City shall reach any final determination with regard to the merits of the Report until any related investigation is completed.

E. The City shall not take any retaliatory action against any individual who makes a Report.

F. Upon conclusion of the investigation, the results will be reported by the Case Manager and/or Investigator to the City Manager and City Attorney, as appropriate. The results may also be reported to Department Director(s), HR Manager, independent third-party expert and/or the City's independent auditors and the Audit Committee.

G. The City Council, as appropriate, City Manager, or designee, following review of the investigation results and findings, shall take appropriate action regarding misconduct. Disciplinary action may include: suspension, termination of employment, and where appropriate, referral of the case to

an appropriate law enforcement agency and District Attorney's Office for possible investigation and prosecution.

H. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources.

AUDIT COMMITTEE RESPONSIBILITIES

The City Council established an Audit Committee in accordance with City Council Policy Number 44. The Audit Committee shall be responsible for ensuring this Policy is properly implemented and that procedures exist and are being followed with regards to the receipt, retention, treatment and appropriate resolution of Hotline Reports. The Audit Committee shall meet quarterly over the first year of implementation of the Fraud, Waste, and Abuse Hotline in order to review summary reports on Hotline usage and case resolution. Thereafter, the Audit Committee shall meet at least annually to monitor the ongoing Hotline utilization.

CITY OFFICIAL AND COMMISSIONER RESPONSIBILITIES

A. If a City Council member or commission/committee member has reason to suspect an incident of fraud, waste and abuse has occurred, he or she shall immediately contact either the City Manager, City Attorney, City's independent auditor, when applicable, or immediately submit a Hotline Report.

B. The City Council member or commission/committee member shall not attempt to personally investigate or interfere with Hotline Reports.

C. Hotline Reports, or investigations thereof, shall not be discussed with the media or any member of the public other than through the Mayor or City Manager in consultation with the City Attorney.

EMPLOYEE RESPONSIBILITIES

A. Employee's (both management and non-management) responsibilities for this Policy include, but are not limited, to the following:

i. All employees are responsible for being alert to, and reporting alleged fraud, waste, and abuse in accordance with this Policy.

ii. Employees should support the City's responsibilities and cooperate fully with the Investigator, other involved departments, and law enforcement agencies in the detection and reporting of criminal acts, including the prosecution of offenders.

iii. Employees must give full and unrestricted access to all necessary records to the Investigator and Case manager. All City assets and property, including desks and computers, are open to inspection at any time by authorized personnel.

INVESTIGATOR RESPONSIBILITIES

A. The Investigator will promptly investigate the Hotline Report.

B. If evidence is uncovered showing possible fraudulent, wasteful, or abusive activities, the Investigator shall perform the following:

i. Discuss the findings with the Case Manager, City Manager, City Attorney and/or independent third-party expert, and/or Department Directors and/or the HR Manager.

ii. If applicable, report such activities to the independent third-party expert, City's independent auditor and the Audit Committee in order to evaluate the impact of the illegal activity upon the City's financial statements.

iii. Take immediate action, in consultation with the City Attorney, City Manager and Case Manager, to prevent the theft, alteration, or destruction of evidentiary records. Such action shall include, but is not limited to:

(a) Removing the records and placing them in a secure location, or limiting access to the records.

(b) Preventing the individual suspected of committing the fraud from having access to the records.

C. If the Investigator is contacted by the media regarding an alleged fraud or audit investigation, the Investigator will consult with the City Manager and City Attorney who shall collectively determine the appropriate person to respond to the media request for the information or interview.

D. At the conclusion of the investigation, the Investigator will document the results in a confidential memorandum report, as appropriate.

E. The Investigator may make recommendations to the appropriate department for assistance in the prevention of future, similar occurrences.

F. Upon completion of the investigation (including all legal and personnel actions), all records, documents, and other evidentiary material obtained from the department under investigation will be returned by the Investigator to the Human Resources Department.

ACTION

This Policy is effective on the date approved by the City Council.

CITY COUNCIL POLICY

NUMBER: 51

DATE ADOPTED/AMENDED: 2/3/15

SUBJECT: Designation of Qualified Historic Buildings or Properties

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POLICY:

To protect the integrity of significant historic resources in the City when modifications are voluntarily sought to modernize such resources by a property owner, the City Council may, at its discretion, designate a building or property as a "Qualified Historic Building or Property," solely for the purpose of applying the California State Historic Building Code (California Code of Regulations, Title 24, Part 8) to the review and permitting of such modifications. Designation as a "Qualified Historic Building or Property" shall not confer upon the property or property owner any additional rights or benefits beyond eligibility to apply the California State Historic Building Code. More specifically, designation as a "Qualified Historic Building or Property" shall not have the effect of conferring upon the property or property owner any rights to property tax relief pursuant to the Mills Act (Government Code Section 50280, *et seq.* and Revenue and Taxation Code Section 439, *et seq.*).

The City Council shall designate a "Qualified Historic Building or Property" by resolution. In so doing, the City Council shall find that the building or property qualifies for such designation based upon evidence presented for the City Council's consideration. In order to qualify for designation, said evidence must demonstrate that the building or property qualifies pursuant to at least two (2) of the following criteria, which are derived from California Public Resources Code Section 5024.1:

1. Buildings or properties associated with events that have made a significant contribution to the broad patterns of California's history and cultural heritage.
2. Buildings or properties associated with the lives of persons important in the City's past.
3. Buildings or properties that embody the distinctive characteristics of a type, period, region, or method of construction, or represents the work of an important creative individual, or possesses high artistic values.
4. Buildings or properties that have yielded, or may be likely to yield, information important in prehistory or history.

5. Buildings or properties eligible for or listed on the National Register of Historic Places.
6. State historic landmarks.
7. Points of historic interest.
8. Individual historic resources.
9. Historical resources contributing to the significance of an historic district.

In addition to the above-mentioned criteria, any building or property currently designated as a historic site by the Rancho de Los Palos Verdes Historical Society shall qualify for designation at as "Qualified Historic Building or Property" by the City Council.

In order for a building to be designated pursuant to this policy, it shall not have been constructed less than seventy-five (75) years prior to the City Council's action.

BACKGROUND:

The City of Rancho Palos Verdes still contains a few examples of the early residential development of the Palos Verdes Peninsula. These include homes and other structures built during the early 20th Century under the development plans originally envisioned by Frank A. Vanderlip, Jr. Many of these structures pre-date the adoption of the State's first building code in 1929. When current owners decide to upgrade these structures to modern standards, they may be faced with a difficult choice between maintaining the historical integrity of the structure and complying with modern building codes. In order to address this dilemma, California has adopted the State Historic Building Code (SHBC), which may be applied to "Qualified Historic Buildings or Properties." The SHBC requires a "Qualified Historic Building or Property" to be "deemed of importance to the history, architecture, or culture of an area **by an appropriate local or state governmental jurisdiction**." [emphasis added] Therefore, this policy has been enacted in order to provide the City Council with a policy through which to make such designations on a case-by-case basis.

This policy only confers the right to utilize the State Historic Building Code Building for the review and permitting of modifications to existing "Qualified Historic Buildings or Properties." It does not exempt new construction from the requirements of the most-recently adopted version of the State Building Code. It also does not entitle qualifying properties to property tax relief or other financial incentives.

Rancho de los Palos Verdes Historical Society and Museum
Map of Designated Historic Sites (1993)

CITY COUNCIL POLICY

NUMBER: 52

DATE ADOPTED/AMENDED: 6/2/15

SUBJECT: Debt Management Policy

POLICY:

The City has no outstanding debt. The City has a long history of balanced budgets and prudent financial management. The City has healthy cash reserves; and a systematic approach to plan for future rehabilitation of capital facilities, such as roadways and storm drains. It is a best practice to develop a debt management policy to be used as a framework in the event that the City considers the issuance of debt in the future.

The Debt Management Policy is a comprehensive document establishing a rigorous process for the issuance and management of debt. The basic principles of the Debt Management Policy follow, and are described in greater detail in the attached document.

1. It shall be the City's policy to undertake debt only when the City determines that the project revenues or specific financial resources will be available and sufficient to service the debt over its life.

2. Debt will be considered for a capital project only when other forms of financing or internal funding have been exhausted; and debt will not be issued for periods exceeding the useful life of the project to be financed.

3. In the case of debt serviced solely from the City's General Fund, the City will observe a guideline of 5% of annual revenue as the maximum permissible level for General Fund resources committed to the repayment of debt.

4. Before issuing lease revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it.

5. All direct or indirect debt proposals will be presented to the City's Finance Advisory Committee for deliberation and recommendation prior to review of the City Council.

6. Action taken by the City Council to incur debt will be taken as a regular business item, and at a regular or special City Council meeting, consistent with state law.

7. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, and has met all statutory requirements necessary for issuance; and the federal income tax status of such debt.

DEBT MANAGEMENT POLICY

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PREAMBLE & EXECUTIVE SUMMARY

The following debt policy was developed to establish a rigorous process for the issuance and management of public and other forms of debt by the City of Rancho Palos Verdes and its component units. The City debt policy is based on guidance provided by the Government Finance Officers Association and the California Debt and Investment Advisory Commission as well as generally accepted principles set forth in the financial management literature for municipal governments.

The policy applies to all direct and other debt issued or contracted by the City, including leases, debt guaranteed by the City, and revenue bonds issued by the City's enterprises or business type activities, as applicable. The Policy also applies to so-called no-commitment debt of the City.

The City's budget practices generally have been that (1) operating expenses should not exceed operating revenues; (2) established reserves should meet minimum policy levels; (3) "one-time" revenues should be used to fund nonrecurring expenditures; and (4) the prioritization of capital projects should be accomplished through a "needs assessment" undertaken as part of the formulation and development of the City's Capital Improvement Plan. The development of the Debt Policy will affect each of the items specified above.

The policy is divided into sections and sub-sections as outlined in the table of contents.

In general terms, it shall be the City's policy to undertake debt only when the City determines that the project revenues or specific financial resources will be available and sufficient to service the debt over its life.

City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

The policy also establishes guidance for internal, inter-fund and inter-affiliate borrowing.

Because financing leases are a form of debt, the City will determine that the proposed leased facility or asset is both necessary and desirable, and that no other financing method is practical to finance it, before entering into capital leases in amounts greater than $25,000. The City will apply the tests set forth in the policy to such financing leases.

The City will seek to maintain the highest possible credit ratings for all categories of short- and long-term public debt that can be achieved consistent with its mission and responsibilities to the citizens of Rancho Palos Verdes.

The City will seek to structure debt with debt service costs over the life of the debt.

The policy establishes a Debt Management Committee, comprised of the City Manager, the Finance Director and the City Attorney.

The Debt Management Committee shall advise the City Council, the Finance Advisory Committee, and the various Departments of the City in all matters pertaining to the issuance of debt.

All direct or indirect debt of the City will be presented to the City's Finance Advisory Committee for deliberation and recommendation prior to submittal to the City Council.

For all debt issuance, the City will require that the action taken by the City Council to incur the debt will be taken as a regular business item, and at a regular or special City Council meeting, consistent with state law.

The City may engage an underwriter for a negotiated sale of debt through a competitive process administered by the City's Finance Department based on the prior recommendation of the City's Debt Management Committee and the City's Finance Advisory Committee.

All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all statutory requirements necessary for issuance, and the federal income tax status of such debt.

Bond counsel will be selected by the City Council based on the prior recommendation of the City's Debt Management Committee.

While engagement of a financial advisor on each City debt issue is not required, it is strongly encouraged by this policy.

The City may engage an external financial advisor for a debt issue through a competitive process administered by the City's Finance Department based on the prior recommendation of the City's Debt Management Committee.

Any unsolicited financing proposal to a City department, agency, affiliate or employee involving a pledge or other extension of the City's credit through a sale of securities, execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the pledging of the City's credit, shall be referred to the Finance Department for review by the City's Debt Management Committee prior to submittal to the City Council for approval. All such proposals shall be consistent with the intent of the Municipal Advisor Rules of the U.S. Securities and Exchange Commission, Rules 15Ba1-1 through 15Ba1-8, and Rule 15Bc4-1, which became final in early 2014.

The SEC's Municipal Advisor Rules imposes a registration process upon municipal advisors, firms that give advice absent an exemption or exclusion to municipal entities and obligated persons, and imposes a fiduciary duty upon municipal advisors that give advice to municipal entities. The Municipal Securities Rulemaking Board imposes additional requirements and prohibitions on the conduct of municipal advisors.

Brokers, dealers, and other financial institutions ("financial services firms") that seek to enter into principal transactions with municipal entities or obligated persons generally cannot give advice unless they qualify for an exemption or exclusion to the SEC's Municipal Advisor Rules. One such exclusion to the rule for financial services firms is when the municipal entity or obligated person has an independent registered municipal advisor. Accordingly, so long as the City is represented by an independent municipal advisor, the following statement will be furnished to any such financial service firm seeking to assist the City in the issuance of municipal securities, purchase of municipal financial products or the investment of bond proceeds. This enables the financial services firm to document their compliance with an exclusion to the rule, which would permit the firm to give advice to the City as a municipal entity or obligated person.

The statement will be deemed to have been delivered to any such financial services firm upon posting on the City's web site with the following introductory language: *By publicly posting the following written disclosure, the City of Rancho Palos Verdes intends that market participants receive and use it for purposes of the independent registered municipal advisor exemption to the SEC Municipal Advisor Rules.*

[DATE]

The City of Rancho Palos Verdes has retained an independent registered municipal advisor. The City is represented by and will rely on its municipal advisor, [name of municipal advisory firm here], to provide advice on proposals from financial services firms concerning the issuance of municipal securities and execution of municipal financial products (including investments of bond proceeds and escrow investments). This certificate may be relied upon until [date on which advisory contract terminates or earlier].

Proposals may be addressed to the City to the attention of the Finance Director or City Manager, at 30940 Hawthorne Blvd, Rancho Palos Verdes, CA 90275. If the proposal received will be seriously considered by the City, the City will elect when and how to share the document with its municipal advisor. Please note, that aside from correspondence required by regulation or law between an underwriter and municipal advisor, the underwriter should not speak directly with or send documents directly to the municipal advisor unless specifically directed to by the City.

INTRODUCTION

The following debt policy (herein, the “Policy”) was developed to establish a rigorous process for the issuance and management of debt by the City and its affiliated units.

The primary objective is to create procedures and a policy that minimize the City's debt service and issuance costs, retain the highest practical credit rating, and maintain full and complete financial disclosure and reporting.

The Policy applies to all direct and other debt issued or contracted by the City including leases, debt guaranteed by the City, general obligation and revenue bonds issued by the City. The Policy also applies to so-called no commitment debt of the City. The City presently does not have any “no commitment” debt, but has been approached from time to time to create such debt.

A debt policy can be an important tool to insure the sound use of the City's resources to meet its mission and responsibilities to the citizens of Rancho Palos Verdes and to maintain sound financial management practices. The Policy is a guideline for general use, application, and to lead to informed decision making by the City Council.

In order to use the Policy properly, they must be applied in the context of the City’s overall budget and fiscal policies.

The City’s budget practices generally have been that:

1. Operating expenses shall not exceed operating revenues;
2. Established reserves shall meet minimum policy levels;
3. “One-time” revenues shall be used to fund nonrecurring expenditures; and,
4. The prioritization of capital projects shall be accomplished through a “needs assessment” undertaken in the formulation and development of the City’s Capital Improvement Plan.

The Policy is divided into discrete sections and sub-sections as outlined in the Table of Contents.

CHAPTER ONE: PURPOSES AND USES OF DEBT

SECTION 1: CAPITAL FINANCING – IN GENERAL

The City normally will rely first on internally generated funds and/or grants and contributions from other governments to finance its capital needs.

Debt will be considered for a capital project only when other forms of financing or internal funding have been exhausted.

Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction of a capital asset. Exceptions to this policy would be those instances in which the City is responding to an immediate emergency affecting the health and welfare of its citizens, or for the protection of public property or interests.

Debt will only be undertaken when the project revenues or specific resources will be available and sufficient to service the debt over its entire life.

Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.

Capital improvements should be financed primarily through user fees, service charges, assessments, special taxes or developer exactions so long as the benefits the City will derive from such improvements can be attributed to the users of the improvements.

Moreover, the City will specifically consider the lifecycle costs associated with any asset acquired with borrowed money in order to determine that the above funding sources are adequate to service the proposed debt and cover future costs.

The City will evaluate the use of debt in-lieu of “pay-as-you-go” financing based on the following criteria:

Factors Favoring “Pay-as-You-Go” Financing:

1. current reserves or project revenues are adequate to fund the project;
2. proposed debt levels would have a deleterious effect on the City’s credit position or rating;
3. credit market conditions are unstable or present difficulty in marketing the proposed debt.

Factors Favoring Use of Debt:

1. revenues are deemed to be stable and reliable enough to support the proposed debt at investment grade rating levels;
2. the nature of the financed project will support investment grade ratings;
3. credit market conditions present favorable interest rates and demand for financings such as the City’s;
4. the proposed project is required by the state or federal government and present resources are insufficient or unavailable to fund the project;
5. the proposed project is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable;
6. the estimated useful life of the asset to be financed is greater than 5 years.

SECTION 2: CAPITAL PLANNING

To enhance creditworthiness and prudent financial management, the City is committed to systematic capital planning, intergovernmental cooperation and coordination, and realistic long-term financial planning.

SECTION 3: DEBT LIMITS

The City will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives.

In the case of debt serviced solely from the City’s General Fund, the City will observe a guideline of 5% of annual revenue as the maximum permissible level for General Fund resources committed to the repayment of debt.

SECTION 4: ASSET LIFE

The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a useful life of at least five years.

City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

SECTION 5: GENERAL OBLIGATION DEBT

General obligation bonds typically provide the lowest borrowing costs for most major public assets.

The use of a general obligation pledge usually eliminates the need for a bond reserve and due to its high credit quality and the ability to levy a tax to repay it, produces borrowing terms and costs unavailable through other methods.

Moreover, since the source of repayment of a general obligation bond is from proceeds of general taxes, the City's operating funds and its operating position are not impacted by the issuance of general obligation bonds. Though the use of the term "general obligation bond" implies that the City's "full faith and credit" would be pledged to the repayment of the bond, the bond is actually repaid from an *ad valorem* tax on real property. Cities in California may issue general obligation bonds only for the purpose of acquiring or making improvements to real property.

Article XIII of the California Constitution requires that general obligation bonds be submitted to the voters for approval and that the issuance of such bonds be approved by a two-thirds majority vote.

Accordingly, it shall be the City's policy to issue general obligation bonds only for such purposes and then only when the acquisition, improvement, or construction of the proposed real property will provide benefits to the community.

The City recognizes that the imposition of a property tax does not occur in isolation and that the capacity of property taxation is limited by demands that may be placed on the owners of such property by other levels of government, including the Palos Verdes Peninsula Unified School District, the County of Los Angeles, and other overlapping agencies. Prior to considering imposition of a property tax to support a general obligation bond, the City's Debt Management Committee will obtain and analyze an overlapping debt statement to determine the level of indebtedness being supported by property owners within the City to determine whether the proposed additional tax will create irregular or unnecessary burdens on the City's property owners.

SECTION 6: CERTIFICATES OF PARTICIPATION OR FINANCING LEASES

Before issuing lease revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it.

The City may use lease revenue debt or financing leases for those projects that must be financed at a time or in a manner which do not permit the use of general obligation bonds.

The City shall only use lease revenue debt or financing leases: (1) if the project to be financed will generate positive net revenues after debt service; (2) if the project will reduce City operating costs; (3) if an equal or greater amount of non-City matching funds will be lost if City's lease revenue or financing lease funds are not applied in a timely manner; or, (4) if the project to be financed is greater than $5,000,000 and no other practical means of financing the project is available.

CHAPTER TWO: CREDITWORTHINESS OBJECTIVES

SECTION 7: CREDIT RATINGS

The City will seek to maintain the highest possible credit ratings for all categories of short- and long-term public debt that can be achieved consistent with its mission and responsibilities to the citizens of Rancho Palos Verdes.

The City recognizes that there is a direct correlation between the credit rating it achieves and the cost of borrowing.

Therefore, generally, the City will seek to acquire and maintain a minimum of an investment grade rating on all of its direct debt.

The City recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt.

Nevertheless, the City is committed to ensure that actions within its control are prudent and consistent with the rating and creditworthiness objective set forth in this Policy.

SECTION 8: FINANCIAL DISCLOSURE, BOTH INITIAL AND CONTINUING

The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments, affiliates, agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information.

The City is committed to meeting secondary disclosure requirements as set forth in Securities and Exchange Commission Rule 15c2-12, and its amendments, on a timely and comprehensive basis. Rule 15c2-12 requires broker-dealer firms, when underwriting certain types of municipal securities, to require the issuer to provide certain information to the Municipal Securities Rulemaking Board about the securities on an ongoing basis. Such continuing disclosure normally requires the following: financial information and operating data of the issuer (or other obligated persons); audited financial statements of the issuer or other obligated persons, if available; and, certain specific “event” disclosures the occurrence of which would cause the value of the municipal securities to change adversely or which would affect the probability of prompt repayment of the municipal securities.

The Finance Department is designated as the responsible party for compliance with disclosure standards promulgated by state and national regulatory bodies and for compliance with continuing disclosure requirements required by contractual arrangements necessary to comply with Rule 15c2-12.

CHAPTER THREE: DEBT STANDARDS AND STRUCTURE

SECTION 9: TERM OF DEBT

Debt will be structured for the shortest period consistent with a useful life or benefit period of facilities or assets financed with the proceeds of such debt.

SECTION 10: DEBT STRUCTURE

Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, and the nature and type of security provided.

Moreover, to the extent possible, the City will design the repayment of its overall debt to recapture rapidly its credit capacity for future use.

To accomplish the recapture and preservation of its future credit capacity, the City shall strive to repay at least 20 percent of the principal amount of its general fund supported debt within five years and at least 40 percent within ten years because these measures are used by the major national credit rating agencies to determine the creditworthiness of the City.

In applying the 20% and 40% tests, the debt repayment amounts are cumulative, that is, the goal is to have each of the City's debt issuances to achieve a reduction in principal of 20% at the five-year mark and 40% at the ten-year mark.

Individual issues may be structured using either serial bonds or term bonds.

In the case of issues structured with term bonds, the City will use a sinking fund to retire the term bonds. A sinking fund is the mechanism whereby money is accumulated on a regular basis in a separate account for the purpose of redeeming the term bonds when due.

Principal repayment will commence during the fiscal year in which the financed asset is completed or is substantially available to the City.

Capitalized interest may be used in the City's debt structures, but only to the extent necessary to accommodate the deferral of principal to the point of substantial availability to the City.

SECTION 11: AMORTIZATION

The City will seek to structure debt with level principal and interest costs-over the life of the debt.

So-called "back-loading" of debt service (repaying less at the beginning of the repayment term) only will be considered when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

In the case of an issue structured with term bonds and a sinking fund, the City's policy will be to retire the term bonds in substantially level fashion over each year of the life of the sinking fund unless the factors described above apply.

SECTION 12: SUBORDINATE DEBT

The City shall issue subordinate lien debt only if it is financially beneficial to the City and is consistent with the City's creditworthiness objectives as set forth in this Policy under the caption, "Credit Ratings." Generally, subordinated debt is that debt that has a lien position on an asset or revenue stream that is junior in position to other debt issues. Examples could include leases that are junior in payment obligation to senior leases.

SECTION 13: VARIABLE RATE DEBT

The City may choose to issue securities that pay a rate of interest that varies according to pre-determined formula or results from a periodic remarketing of the securities, consistent with state law and covenants of pre-existing bonds, and depending on market conditions.

The City may elect to control its interest rate exposure on variable rate debt using financial products designed to offset such risks, but only upon the express approval of the City Council after an affirmative recommendation from the City's Debt Management Committee.

SECTION 14: NON-TRADITIONAL FINANCIAL PRODUCTS

The City will consider the use of non-traditional financial products on a case by case basis and consistent with state law and financial prudence.

Examples of such non-traditional products include: interest rate swaps, interest rate caps and collars, "synthetic" refunding transactions, float contracts and asset-backed securities.

Use of non-traditional financial products will only be undertaken upon approval by the City Council. Further, the use of such products must achieve an effective hedge of the risk which the hedge is intended to offset on the date of the debt issuance.

SECTION 15: REFUNDING (REFINANCING)

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. In general, the periodic reviews will occur at least annually.

Refunding will be considered (within federal tax law constraints) when there is a net economic benefit of the refunding or the refunding is essential in order to modernize covenants essential to the City's financial or operating position.

In general, advance refunding for economic savings will be undertaken when significant net present value savings can be achieved (net of the costs of refunding).

Refunding with insignificant savings, or with negative savings, will not be considered unless there is a compelling public policy objective.

The measurement of savings may, but is not required, to consider benefits to the City from sources other than the proposed bond transaction, if deemed appropriate by the City's Debt Management Committee.

SECTION 16: SHORT TERM BORROWINGS

Use of short-term borrowing, such as bond anticipation notes (BANs), tax and revenue anticipation notes (TRANs), tax-exempt commercial paper and other similar short-term borrowing vehicles will be undertaken only if the transaction costs plus interest of the debt are less than the cost of internal financing, or available cash is insufficient to meet working capital requirements. For purposes of this policy, short-term is defined as any borrowing with a stated maturity of 13 months or less.

The City will not employ the use of such borrowings solely for earning arbitrage profits.

SECTION 17: CREDIT ENHANCEMENTS

Credit enhancement (letters of credit, bond insurance, etc.) will be used to the extent that net debt service on the bonds is reduced by more than the costs of the enhancement, measured in present value terms.

In order to calculate the economic effectiveness of a credit enhancement, the City will compare the present worth of the debt service required on the proposed transaction on both an enhanced and unenhanced basis to determine the economic benefits of the enhancement offered.

Credit enhancement that does not produce economic benefits, in present value terms, will be considered only if acceptance of the enhancement directly furthers other City goals and objectives.

CHAPTER FOUR: DEBT ADMINISTRATION AND PROCESS

SECTION 18: REVIEW BY CITY'S DEBT MANAGEMENT COMMITTEE

No City Department, agency, or sub-unit shall incur any long-term debt (including lease commitments) without the approval of the City Council.

All recommendations to the City Council from the Debt Management Committee shall specify the purpose of the borrowing, any options for financing the project without borrowing, and specific sources of payment of debt service.

The Debt Management Committee will be comprised of the City Manager, the Finance Director, and the City Attorney.

The City Manager may appoint additional members to the Debt Management Committee on an *ad hoc* basis as individual circumstances warrant.

The Debt Management Committee is authorized to provide advice to the City Council and the Finance Advisory Committee.

The Finance Director has responsibility for the oversight and periodic review of this Policy; and will recommend amendments to the Finance Advisory Committee and the City Council when applicable law or best practices change, or upon request of the City Manager or City Council.

All direct and indirect debt of the City and its component units will be presented to the Finance Advisory Committee for deliberation and recommendation prior to submittal to the City Council.

SECTION 19: INVESTMENT OF BOND PROCEEDS

All general fund-supported and revenue bond proceeds shall be invested as part of the City's consolidated pool, using appropriate trust fund accounting procedures, unless otherwise specified by law or the controlling bond documents and approved in advance by the City Treasurer.

Investments will be consistent with those authorized by existing state law and by the City's investment policy.

It will also be the City's policy to select investment advisors, if appropriate to the facts and circumstances of an individual borrowing or borrowing program, on a basis similar to that which it uses to engage investment advisors for its investment portfolio.

The City will execute the investment directives for bond proceeds through the applicable trustee for such proceeds.

SECTION 20: COSTS AND FEES

All costs and fees related to issuance of bonds will be paid out of bond proceeds.

In the case of no-commitment financings, the City may require prepayment of certain costs and fees from the project applicant(s). These advanced fees and costs may be collected pursuant to a deposit and cost reimbursement agreement prepared by the City Attorney.

Under certain extraordinary circumstances, the City may authorize the expenditure of City funds for the engagement of outside counsel or consultants for assisting the City with the feasibility analysis of the contemplated no-commitment debt. It is intended that any expenditure for such purposes would be in anticipation of, or reliance upon, reimbursement by a project applicant for such expenses. Should the proposed debt issue be abandoned prior to its completion, the City will retain any deposits or prepayments in amounts necessary to insure that its costs, both direct and indirect, are fully recovered.

SECTION 21: METHOD OF SALE

In general, City debt will be issued through a competitive bidding process.

Bids will be awarded on a true interest cost basis (TIC), providing other bidding requirements are satisfied.

In such instances where the City deems the bids received through the competitive bidding process to be unsatisfactory, it may, upon the prior authorization of the City Council, enter into negotiation for sale of the securities.

Negotiated sales of debt will be considered in circumstances when the complexity of the issue requires specialized expertise, when a change of underwriter may result in losses (for example, changing the remarketing agent in mid-program for variable rate debt), when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain.

SECTION 22: ACTION TO BE REGULAR BUSINESS ITEM, NOT ON CONSENT CALENDAR

For all debt sales, the City will require that the action taken by the City Council to incur the debt will be taken as a regular business item, and at a regular or special City Council meeting, consistent with state law.

Generally, it shall be the City's policy to submit the proposed debt issuance to the City's Finance Advisory Committee for a recommendation prior to submittal to the City Council. When submitted to the City Council, the proposed debt issuance will be presented in a study session wherever possible prior to submittal to the City Council as an action item.

CHAPTER FIVE: ENGAGEMENT OF SERVICE PROVIDERS

SECTION 23: UNDERWRITERS

For all competitive and negotiated sales, underwriters will be required to demonstrate sufficient financial strength and experience related to the debt.

The City may engage an underwriter for a negotiated sale of debt through a competitive process administered by the City's Finance Department based on the prior recommendation of the City's Debt Management Committee.

The utilization of the underwriter for a particular bond sale will be at the discretion of the City Council, pursuant to recommendation from the Debt Management Committee and a written underwriting agreement.

The selection criteria for underwriters will require that the selected underwriter have comprehensive municipal debt experience, experience with financial structuring requirements consistent with the City's needs, and strong distribution capabilities for municipal securities.

SECTION 24: PAYMENT OF UNDERWRITER'S COUNSEL FEES

To control the integrity of the debt issuance process, the City has an interest to pay underwriter's counsel fees. City payments for underwriter's counsel in negotiated sales will be authorized by the City Manager, pursuant to the City's purchasing ordinance, on a case-by-case basis depending on the nature and complexity of the transaction and the needs expressed by the underwriters.

SECTION 25: BOND COUNSEL

The City will retain external bond counsel for all debt issues and such retainer will be evidenced by a contract with the selected firm(s).

All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all statutory requirements necessary for issuance, and determining the federal income tax status of such debt. Bond counsel does not prepare disclosure documents.

Bond counsel will be selected by the City Council based on the prior recommendation of the City's Debt Management Committee.

The selection criteria will require comprehensive municipal debt experience and clearly demonstrated skill and capabilities in the municipal bond sector and with the type of financing proposed. Bond counsel fees are paid from proceeds of the debt. However, on occasion, bond counsel will make some portion of its fees non-contingent on the sale of bonds; which would then be paid directly from the City's General Fund.

SECTION 26: DISCLOSURE COUNSEL

In certain instances, the City may choose to engage the services of a disclosure counsel for the purposes of assisting in the various aspects of the preparation of an official statement, private placement memorandum or other form of offering, disclosure or continuing disclosure document to be disseminated in connection with the sale of the City's debt. Disclosure counsel does not render an opinion regarding the legality and tax-exempt status of the proposed debt.

In performing these services, the disclosure counsel is clearly representing the City, as the issuer of the debt, and not the underwriter as well, as is the case where underwriter's counsel prepares such documents.

Disclosure counsel will be selected by the City Council based on the prior recommendation of the City's Debt Management Committee.

Because disclosure counsel is engaged by the City, the cost of disclosure counsel's services is typically paid from the proceeds of the debt issue, and may be structured as hourly charges or fixed fees, depending on the circumstances.

SECTION 27: FINANCIAL ADVISOR

The utilization of the financial advisor for particular bond sales will be at the discretion of the City Council on a case-by-case basis, based upon recommendation of the Debt Management Committee. While engagement of a financial advisor on each City debt issue is not required, it is strongly encouraged by this Policy.

The City may engage a financial advisor for a specific bond sale through a competitive process administered by the City's Finance Department based on the prior recommendation of the City's Debt Management Committee.

The selection criteria for financial advisors will require that the selected financial advisor have comprehensive municipal debt experience, experience with diverse financial structuring requirements and strong pricing capabilities for determining the fairness of the prices received by the City for its debt issues.

SECTION 28: FISCAL AGENTS, PAYING AGENTS AND TRUSTEES

The Finance Department will utilize a fiscal agent, paying agent or trustee on all City indebtedness, as may be legally required by the type of debt instrument being used. Exceptions will be permitted on equipment leases of a size, tenor, or character that would make appointment of a trustee infeasible.

Fees for such services on outstanding bonds will be paid from the resources of the department or program supporting the debt service on the instrument.

SECTION 29: COMPENSATION FOR SERVICES

Compensation for bond counsel, underwriter's counsel, financial advisors, and other financial service providers will be consistent with industry standards. When compensation arrangements are presented on a contingency basis, the City will take steps to ensure that potential conflicts of interest are identified and fully disclosed before such compensation arrangements are approved by the City Council.

SECTION 30: SELECTION PROCESSES

The City Council shall make all final determinations of selection for underwriters, counsel, and financial advisors based on the recommendation of the City's Debt Management Committee.

The determination will be made following an independent review of competitive bids or responses to requests for proposals (RFPs) or requests for statements of qualifications (RFQs).

The City's Debt Management Committee will review the proposals or statements of qualifications and make recommendations to City Council.

The City's financial advisor(s) may also review underwriter proposals at the direction of the Finance Director.

SECTION 31: OTHER SERVICE PROVIDERS

The Finance Director shall have the authority to periodically select other service providers (e.g., escrow agents, verification agents, trustees, arbitrage consultants, assessment engineers, special tax consultants, investment advisors, etc.) as deemed necessary to meet legal requirements and minimize net City debt costs.

The Finance Director may select firm(s) to provide such financial services related to debt without a RFP or RFQ, consistent with City requirements, and pursuant to the requirements of the purchasing ordinance and budget authorization.

A firm so selected must receive Finance Director written authorization to proceed before undertaking any transaction or providing any service.

CHAPTER VII: OTHER POLICY

SECTION 32: ARBITRAGE COMPLIANCE

The Finance Department shall maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the Federal Tax Code.

SECTION 33: UNSOLICITED FINANCING PROPOSALS

Any unsolicited financing proposal to a City department, agency, or employee involving pledge or other extension of the City's credit through sale of securities, execution of loans or leases, marketing or other guarantees, or otherwise involving directly or indirectly the lending or pledging of the City's credit, shall be referred to the Finance Department for review by the City's Debt Management Committee prior to submittal to the City Council for approval.

SECTION 34: INTERNAL BORROWINGS

If sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the City will generally favor internal borrowings over external borrowings for short-term liquidity purposes.

The Finance Department may undertake inter-fund borrowings and such borrowings will be evidenced by a written memorandum or agreement specifying the tenor and terms of the borrowing, including repayment terms, interest rates and calculations and procedures for amendment and must have the approval of the City Council, except for fiscal year end accounting entries that create temporary loans for financial statement presentation purposes.

Any internal borrowing must be first coordinated with the responsible managing department.

All such inter-fund borrowings will be reflected in the City's accounting records as "due to" and "due from" items respecting the funds and accounts borrowed from and loaned to, respectively.

Inter-fund borrowing may bear interest at the rate being earned by the Local Agency Investment Fund ("LAIF") administered by the California State Treasurer's Office.

SECTION 35: SPECIAL DISTRICT FINANCING

This section outlines parameters for the public financing of major public facilities through the establishment of Assessment Districts and Community Facilities Districts. It establishes the standards and criteria for the review of these proposed projects in order to determine the feasibility of special district financing given the public policy direction of the legislative body.

The City may encourage the development of commercial or industrial property that results in significant public benefit to the City (i.e., increased jobs, property or sales tax revenues, major public improvements).

The City Council may consider the use of Community Facilities Districts (CFDs) as well as other financing methods to assist these types of development in the financing of public facilities necessary to serve such projects using no-commitment debt.

POTENTIAL PUBLIC BENEFIT

Where, in the City's opinion, such development results in a significant public benefit, public financing may be considered. Significant public benefit means that the project will enhance the economic, social or cultural quality of life for the residents of the City; or, that it will stimulate employment within the City; and, that such enhancement or employment gain can be measured in a manner which permits the City to evaluate the risks and rewards of acting as the issuer of no-commitment, special district debt to facilitate such a development. Significant public benefit can be based on the City's evaluation of the availability of public access to the financed facility by the widest possible number of residents of the City, depending on the context. Acceleration of the availability or a net addition of public infrastructure in excess of that required by law or the City's land use policies could also produce significant public benefit. Such benefits arise from either the installation or completion of public infrastructure assets prior to the time they might otherwise be installed or from the additional assets that might be realized because of being able to finance the project more efficiently.

Finally, the finding of significant public benefit can arise from the installation or acquisition of a community asset which produces additional employment opportunities or which produces environmental benefits as a direct or secondary result of its completion.

In circumstances where the financed improvements generate regional benefits, the finding of significant public benefit will be easier than in those where the financed facilities serve only a small number of residents.

GENERAL PROCEDURES

Facilities will be financed in accordance with the procedures of the Improvement Act of 1911 ("1911 Act"), the Municipal Improvement Act of 1913 ("1913 Act"), the Improvement Bond Act of 1915 ("1915 Act") or the Mello-Roos Community Facilities Act of 1982 (The "Mello-Roos Act").

In compliance with Proposition 218, the 1996 California Constitutional Amendment known as the “Right to Vote on Taxes Act,” voter approval is required to implement new or increased taxes, assessments, fees and charges.

A simple majority is required for general taxes, assessments, charges and fees.

Special taxes require a two-thirds majority approval.

All special district bonds shall be issued in accordance with the 1911 Act or 1915 Bond Act or the Mello-Roos Act of 1982 as determined to be appropriate for the proposed financing by the City.

The proposed project must be consistent with the City's General Plan and have secured appropriate land use entitlements from the City to allow for the development of the project.

A written request for special district financing should be initiated by the owners of the property subject to payment of the assessments or special tax, as defined per statutory requirements.

The funding of public facilities to be owned and operated by public agencies other than the City will be considered on a case-by-case basis. If the proposed facilities are appropriate for financing by an assessment district or community facilities district and are consistent with approved land use plans for the property, the City shall consider entering into a joint community facilities agreement or other applicable agreement with such other public agency in order to finance these facilities.

Such an agreement with the public agency that will own and operate any such facility must be entered into prior to the adoption of the resolution of formation for any assessment district or community facilities district.

In general, the financing of public facilities that are owned and operated by the City will have priority over public facilities to be owned by another public agency; however, the City has the final determination as to the eligibility of any public facility for financing, as well as the prioritization of the financing of such facilities.

The Debt Management Committee shall review all special district financing applications prior to the presentation of a district formation petition to the City Council.

All costs incurred by the City in the evaluation of applications for special district financing and the proceedings to form either an assessment district or a community facilities district and to issue bonds therefor will be paid by the applicant by advance deposit with the City in an amount or amounts deemed sufficient by the City to pay all such costs.

The assessment engineer, appraiser, bond counsel, financial advisor, special tax consultant, underwriter, and other necessary professional and technical advisors shall be selected and retained by and shall be accountable to the City.

The obligation of the applicant shall be memorialized in an agreement between the applicant and the City in a form and substance satisfactory to the City. Specific

application procedures for Special District Financing have been included in Appendix B of this policy document.

APPENDIX A: GLOSSARY

AD VALOREM TAX

A tax calculated "according to the value" of property. Such a tax is based on the assessed valuation of real property and, in certain cases, on a valuation of tangible personal property. In most jurisdictions, the tax is a lien on the property enforceable by seizure and sale of the property. General restrictions, such as overall restrictions on rates, or the percent of charge allowed, sometimes apply. As a result, *ad valorem* taxes often function as the balancing element in local budgets.

ADVANCE REFUNDING

A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue more than 90 days prior to the date on which outstanding bonds become due or are callable. Generally, either the entire outstanding issue is refunded (full refunding) or only the callable bonds are refunded (partial refunding). Typically, an advance refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue.

At times, however, an advance refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

(See also “CURRENT REFUNDING”)

AMORTIZATION

The planned reduction of a debt obligation according to a stated maturity or redemption schedule.

ARBITRAGE

The gain that may be obtained by borrowing funds at a lower (often-tax-exempt) rate and investing the proceeds at higher (often taxable) rates. The ability to earn arbitrage by issuing tax-exempt securities has been severely curtailed by the Tax Reform Act of 1986, as amended.

ASSESSED VALUATION

The appraised worth of property as set by a taxing authority through assessments for purposes of *ad valorem* taxation. The method of establishing assessed valuation varies from state to state, with the method generally specified by state law. For example, in certain jurisdictions, the assessed evaluation is equal to the full or market value of the property; in other jurisdictions, the assessed valuation is equal to a percentage of the full market value.

ASSESSMENT BONDS

Bonds issued to develop facilities and basic infrastructure for the benefit of specific properties within the assessment district that directly benefit from the facilities.

The key consideration here is the “direct and special benefit” to be received by the property subject to the assessment.

Voter approval is not required.

Instead, a majority vote of the property owners with a majority of assessments is needed to authorize the issue.

The issuer's recourse for nonpayment is foreclosure.

This type of bond is normally not rated.

The bonds may be issued under the provisions of the various assessment bond acts of the State, whichever is most appropriate.

(See also “Special Tax Bond” for a description of bonds issued pursuant to the Mello-Roos Act.)

BALLOON MATURITY

A maturity within a serial issue of securities that contains a disproportionately large percentage of the principal amount of the original issue. A balloon maturity is generally distinguished from a term bond by the fact that a term bond generally has the benefit of a sinking fund to smooth out the amount of principal paid from any single year's operations. A balloon maturity increases the likelihood that the jurisdiction will need to refinance the securities for an extended period of time upon their initial maturity.

BASIS POINT

One one-hundredth of one percent (0.0001).

BEARER BOND

A security that does not identify its owner on its face or by registration. The security is presumed to be owned by the person possessing it. The Tax Equity and Fiscal Responsibility Act of 1982 TEFRA) curtailed the issuance of tax-exempt bearer bonds.

BOND

A security that represents an obligation to pay a specified amount of money on a specific date in the future, typically with periodic interest payments.

BOND ANTICIPATION NOTES

Notes issued to provide temporary financing, to be repaid from the proceeds of a subsequent long-term financing.

BOND COUNSEL

An attorney (or firm of attorneys) retained by the issuer to give a legal opinion concerning the validity of the securities. The bond counsel's opinion usually addresses the subject of tax exemption. Bond counsel may prepare, or review and advise the issuer regarding authorizing resolutions or ordinances, trust indentures, official statements, validation proceedings and litigation.

BOND INSURANCE

Bond insurance is a type of credit enhancement whereby a monoline insurance company indemnifies an investor against default by the issuer. In the event of a failure by the issuer to pay principal and interest in full and on time, investors may call upon the insurance company to do so. Once assigned, the municipal bond insurance policy generally is irrevocable. The insurance company receives an up-front fee, or premium, when the policy is issued.

BOND RESERVE

See “Debt Service Reserve Fund”.

BOOK-ENTRY-ONLY

Bonds that are issued in fully registered form but without certificates of ownership. The ownership interest of each actual purchaser is recorded on computer.

CALL OPTION

The right to redeem a bond prior to its stated maturity, either on a given date or continuously. The call option is also referred to as the optional redemption provision. Often a "call premium" is added to the call option as compensation to the holders of the earliest bonds called. Generally, the earliest callable bonds called carry a 102% premium, the next earliest, a 101 % premium, and the balance of the bonds are called at par value.

CAPITAL APPRECIATION BOND

A bond without current interest coupons that is sold at a substantial discount from par. Investors are provided with a return based upon the accretion of value in the bond through maturity. (See: zero coupon bond)

CAPITAL LEASE

The acquisition of a capital asset over time rather than merely paying a rental fee for temporary use. A lease-purchase agreement, in which provision is made for transfer of ownership of the property for a nominal price at the scheduled termination of the lease, is referred to as a capital lease.

CERTIFICATES OF PARTICIPATION

A lease agreement with another party (a lessor, such as a joint powers authority) to lease an asset over a defined period at a prearranged annual payment.

Voter approval is generally not required.

Lease payments are made primarily from general fund revenues.

Current law requires the lessee to make lease payments only if the City has beneficial use of the facility to be leased.

The legislative body has to appropriate annual debt service payments.

For the security of the bondholders, a reserve fund is normally established and held by a trustee until all bonds are paid.

Interest during project construction must be capitalized.

An "asset transfer" structure, whereby an existing facility is used as security to finance construction or acquisition of another project, may be used for flexibility.

Sometimes this structure is styled as a “lease revenue bond,” which is functionally the same as Certificates of Participation.

COMMERCIAL PAPER (TAX-EXEMPT)

By convention, short-term, unsecured promissory notes issued in either registered or bearer form with a stated maturity of 270 days or less.

COMPETITIVE SALE

Sales of securities in which the securities are awarded to the bidder who offers to purchase the issue at the best price or lowest cost.

CONTINUING DISCLOSURE

The requirement by the Securities and Exchange Commission for most issuers of municipal debt to provide current financial information to the informational repositories for access by the general marketplace.

Generally, SEC Rule 15c2-12 requires issuers of municipal securities and certain other “obligated persons” to make contractual promises to provide continuing information to the marketplace during the life of securities issues.

Under the rule, an underwriter is not permitted to purchase or sell municipal securities in connection with a primary offering of $1.0 million or more unless it has entered into such a contractual arrangement with the issuer of the securities for the benefit of the holders of the securities.

In conduit issues, the obligation to maintain continuing disclosure efforts should be imposed on the project sponsors.

COUPON RATE

The interest rate on specific maturities of a bond issue. While the term "coupon' derives from the days when virtually all municipal bonds were in bearer form with coupons

attached, the term is still frequently used to refer to the interest rate on different maturities of bonds in registered form.

CURRENT REFUNDING

A procedure whereby outstanding bonds are refinanced by the proceeds of a new bond issue within 90 days of the date on which outstanding bonds become due or are callable. Generally, either the entire outstanding issue is refunded (full refunding) or only the callable bonds are refunded (partial refunding). Typically, a current refunding is performed to take advantage of interest rates that are significantly lower than those associated with the original bond issue.

At times, however, a current refunding is performed to remove restrictive language or debt service reserve requirements required by the original issue.

(See also “ADVANCE REFUNDING”)

CUSIP NUMBER

The term CUSIP is an acronym for the Committee on Uniform Securities Identification Procedures. An identification number is assigned to each maturity of an issue, and is usually printed on the face of each individual certificate of the issue. The CUSIP numbers are intended to help facilitate the identification and clearance of municipal securities. As the municipal market has evolved, and new derivative products are devised, the importance of the CUSIP system for identification purposes has increased.

DEBT BURDEN

The ratio of outstanding tax-supported debt to the market value of property within a jurisdiction. The overall debt burden includes a jurisdiction's proportionate share of overlapping debt as well as the municipality's direct net debt.

DEBT LIMITATION

The maximum amount of debt that is legally permitted by a jurisdiction's charter, constitution, or statutory requirements.

DEBT SERVICE

The amount necessary to pay principal and interest requirements on outstanding bonds for a given year or series of years.

DEBT SERVICE RESERVE FUND

The fund into which moneys are placed which may be used to pay debt service if pledged revenues are insufficient to satisfy the debt service requirements. The debt service reserve fund may be entirely funded with bond proceeds, or it may only be partly funded at the time of the issuance and allowed to reach its full funding requirement over time, due to the accumulation of pledged revenues. If the debt service reserve fund is used in whole or part to pay debt service, the issuer usually is required to replenish the funds

from the first available funds or revenues. A typical reserve requirement might be the maximum aggregate annual debt service for any year remaining until the bonds reach maturity. The size of the reserve fund, and the manner in which it is invested, may be subject to arbitrage regulations.

DEFAULT

The failure to pay principal or interest in full or on time. An actual default should be distinguished from technical default. The latter refers to a failure by an issuer to abide by certain covenants but does not necessarily result in a failure to pay principal or interest when due.

DEFEASANCE

Providing for payment of principal of premium, if any, and interest on debt through the first call date or scheduled principal maturity in accordance with the terms and requirements of the instrument pursuant to which the debt was issued. A legal defeasance usually involves establishing an irrevocable escrow funded with only cash and US. Government obligations.

DEPOSITORY TRUST COMPANY (DTC)

A limited purpose trust company organized under the New York Banking Law. DTC facilitates the settlement of transactions in municipal securities.

DERIVATIVES

Financial products whose value is derived from the value of an underlying asset, reference rate, or index. Typically, these agreements are contracts between a lender/investor and a borrower and include interest rate swaps, caps, floors, collars, and forward purchase agreements.

DISCOUNT

The difference between a bond's par value and the price for which it is sold when the latter is less than par.

DOUBLE-BARRELED BOND

A bond secured by a defined source of revenue (other than general property taxes) and the full faith and credit of an issuer.

ENTERPRISE ACTIVITY

A revenue-generating project or business. The project often provides funds necessary to pay debt service on securities issued to finance the facility. The debts of such projects are self-liquidating when the projects earn sufficient monies to cover all debt service and other requirements imposed under the bond contract. Common examples include water and sewer treatment facilities and utility facilities.

FINANCIAL ADVISOR

A consultant who advises an issuer on matters pertinent to a debt issue, such as structure, sizing, timing, marketing, pricing, terms, and bond ratings.

FITCH INVESTORS SERVICE

A financial services company, founded in 1913, which provides investors with an independent assessment of the credit worthiness of debt obligations.

FINAL OFFICIAL STATEMENT (FOS)

A document published by the issuer that generally discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities. (See also Official Statement)

FLOW OF FUNDS

The order in which pledged revenues must be disbursed, as set forth in the trust indenture or bond resolution. In most instances, the pledged revenues are deposited into a general collection account or revenue fund as they are received and subsequently transferred into the other accounts established by the bond resolution or trust indenture. The other accounts provide for payment of the costs of debt service, debt service reserve deposits, operation and maintenance costs, renewal and replacement, and other requirements.

GENERAL OBLIGATION BONDS

Bonds backed by the full faith and credit of the City.

The taxing power is an unlimited *ad valorem* tax, usually on real estate and personal property.

A special rate is incorporated in the property tax bill annually to pay for debt service.

A two-thirds voter approval is required for authorization.

Because it is secured by an unlimited tax levy, this structure has strong marketability and lower interest costs.

GENERAL OBLIGATION DEBT

Debt that is secured by a pledge of the *ad valorem* taxing power of the issuer. Also known as a full faith and credit obligation.

INDENTURE

A contract between the issuer and a trustee stipulating the characteristics of the financial instrument, the issuer's obligation to pay debt service, and the remedies available to the trustee in the event of a default.

INVESTMENT GRADE

The broad designation given bonds that have a high probability of being paid, and minor, if any, speculative features.

Bonds rated “BBB” or higher by Standard & Poor’s Corporation, “Baa” or higher by Moody’s Investor’s Service, and “BBB” or higher by Fitch IBCA Rating Service are deemed by those agencies to be “investment grade.”

ISSUANCE COSTS

The costs incurred by the bond issuer during the planning and sale of securities. These costs include but are not limited to financial advisory and bond counsel fees, printing and advertising costs, rating agency fees, and other expenses incurred in the marketing of an issue.

ISSUER COUNSEL

An attorney engaged by the issuer to represent its best interest in a debt transaction. Often this role is performed by bond counsel, however, at time separate counsel is engaged that does not have responsibility to issue the bond opinion as well as represent the issuer’s best interests.

JUNIOR LIEN BONDS

Bonds that have a subordinate claim against pledged revenues.

LEASE

An obligation wherein a lessee agrees to make payments to a lessor in exchange for the use of certain property. The term may refer to a capital lease or to an operating lease.

LEASE REVENUE BONDS

Bonds that are secured by an obligation of one party to make annual lease payments to another.

LESSEE

The party to a lease agreement that obtains use of a facility or piece of equipment on exchange for rental payments.

LESSOR

The owner of the property being leased.

LETTER OF CREDIT

Bank credit facility whereby a bank will honor the payment of an issuer's debt, in the event that an issuer is unable to do so, thereby providing an additional source of security for bondholders for a predetermined period. A letter of credit often is referred to as an L/C or an LOC. Letter of Credit can be issued on a "stand-by" or "direct pay" basis.

LINE OF CREDIT

Bank credit facility wherein the bank agrees to lend up to a maximum amount of funds at some date in the future in return for a commitment fee.

MANAGER

The member (or members) of an underwriting syndicate charged with the primary responsibility for conducting the affairs of the syndicate. The managers take the largest underwriting commitment.

Underwriter

The underwriter serving as head of the syndicate. The lead Manager generally handles negotiations in a negotiated underwriting of a new issue of municipal securities or directs the process by which a bid is determined for a competitive underwriting. The lead Manager also is charged with allocating securities among the members of the syndicate in accordance with the terms of the syndicate agreement or agreement among underwriters.

Underwriting Group

Any member of the management group.

MASTER LEASE AGREEMENTS

A lease agreement with a provider to lease equipment or facilities whose useful life is too short, or whose cost is too small to finance with conventional long-term debt.

Various pieces and types of real and personal property from different vendors over a period of time can be acquired under one master lease agreement.

Interest can be fixed or tied to an index.

Financing costs are normally minimal, but the interest cost may be higher than with other instruments.

MARKS-ROOS BONDS

Bonds issued by a joint powers authority to buy other bond issues.

By pooling bond issues, marketability can be improved and administration costs are reduced.

Often used in the case of a negotiated sale of redevelopment agency debt in order to avoid the competitive sale requirements for such debt.

MOODY'S INVESTORS SERVICE, INC.

A financial service company, a subsidiary of Dun & Bradstreet Corp. has provided ratings for municipal securities and other financial information to investors since 1918.

MUNICIPAL SECURITIES RULEMAKING BOARD (MSRB)

A self-regulating organization established on September 5, 1975 upon the appointment of a 15-member Board by the Securities and Exchange Agreement. The MSRB, comprised of representatives from investment banking firms, dealer bank representatives, and public representatives, is entrusted with the responsibility of writing rules of conduct for the municipal securities market. New board members are selected by the MSRB pursuant to the method set forth in Board rules.

NEGOTIATED SALE

A sale of securities in which the terms of sale are determined through negotiation between the issuer and the purchaser, typically an underwriter, without competitive bidding

NET INTEREST COST (NIC)

The average interest cost of a bond issue calculated based on simple interest. This calculation involves a fraction in which the numerator is the gross amount of interest to be paid over the bonds' life (adjusted for the amount of discount or premium granted at the time of sale), and the denominator is the average life of the bond issue multiplied by the issue's par value.

NO COMMITMENT DEBT

A debt that is generally a sub-type called land secured debt, such as Mello-Roos or assessment district debt that indirectly benefits selected stakeholders in the City, but for which the City would have no financial commitment. Thus, this type of debt bears unique risks in the event of non-compliance with the borrowing agreements.

NOTE

A written promise to pay a certain amount of money on a specific date, with interest. By convention, the maturity of a note is one year or less, making it short-term debt. However, financial instruments with a longer stated maturity sometimes are called Notes. For example, a bond anticipation note can have maturities of two years or longer.

OFFICIAL STATEMENT (OS)

A document published by the issuer that generally discloses material information on a new issue of municipal securities including the purposes of the issue, how the securities will be repaid, and the financial, economic and social characteristics of the issuing government. Investors may use this information to evaluate the credit quality of the securities. (See also Final Official Statement)

OPERATING LEASE

A lease that enables the lessee to acquire the use of an asset only, not its ownership as in a capital lease. The lease term typically runs for only a portion of the asset's useful life.

ORIGINAL ISSUE DISCOUNT BONDS

Bonds that are sold at a substantial discount from their par value at the time of the original sale.

OVERLAPPING DEBT

The legal jurisdictions of local governments often overlap one another. In some cases, one unit of government is located entirely within the boundaries of another. Overlapping debt represents the proportionate share of debt that must be borne by one unit of government because another government with overlapping or underlying taxing authority issued its own bonds.

PAR VALUE

The face value or principal amount of a security.

PAYING AGENT

An agent of the issuer with responsibility for timely payment of principal and interest to bond holders.

PRELIMINARY OFFICIAL STATEMENT (POS)

The POS is a preliminary version of the official statement that is used by an issuer or underwriters to describe the proposed issue of municipal securities prior to the determination of the interest rate(s) and offering price(s). The preliminary official statement, also called a "red herring," often is examined upon by potential purchasers prior to making an investment decision.

PREMIUM

The excess of the price at which a bond is sold over its face value.

PRESENT VALUE

The value of a future amount or stream of revenues or expenditures in current dollars.

PRIVATE ACTIVITY BONDS

A bond where the use of bond proceeds is used for private purposes. If deemed a private activity bond, the interest is not tax exempt unless the use of the proceeds meets certain requirements of the Internal Revenue Code.

PUT OPTION

The right to demand repayment of principal prior to a bond's maturity. In the case of short-term variable rate debt, this right often is referred to as a variable-rate demand option.

REFUNDING

A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds.

REGISTERED BOND

A security on which the ownership is recorded by the issuer or its agent.

RESERVE FUND

A fund established by the indenture of a bond issue into which money is deposited for payment of debt service in case of a shortfall in current revenues.

REVENUE BONDS

Bonds secured by revenues generated by the facility that is financed or by dedicated user fees.

Voter approval may or may not be required.

Planning is more complex because costs and revenues affect each other.

Credit enhancement (e.g., insurance or letter of credit) may be needed because of the limited source of debt service payment.

SECONDARY MARKET

The market in which bonds are sold after their initial sale in the new issue market.

SENIOR LIEN BONDS

Bonds having a prior or first claim on pledged revenues.

SERIAL BONDS

A bond issue in which the principal is repaid in periodic installments over the issue's life.

SINKING FUND

A fund into which funds are placed to be used to redeem securities in accordance with a redemption schedule in a bond contract. This term is sometimes used interchangeably with the term “mandatory redemption fund”.

SOPHISTICATED INVESTOR

A purchaser of bonds, who is considered knowledgeable about the pricing and risk factors associated with the repayment of bonds.

This type of investor usually purchases bonds in large dollar amounts, typically $100,000 or more.

SPECIAL ASSESSMENTS

A charge imposed against property or parcel of land that receives a special benefit by virtue of some public improvement that is not, or cannot be enjoyed by the public at large.

Special assessment debt issues are those that finance such improvements and are repaid by the assessments charged to the benefiting property owners.

STANDARD & POOR'S CORPORATION (S&P)

A financial service company, a subsidiary of McGraw-Hill -Company. S&P provides ratings for municipal securities and other financial information to investors.

TAX ALLOCATION BONDS

Bonds secured by property tax increment (property taxes generated on assessed value in excess of the frozen property tax base) in a redevelopment project area.

These bonds are issued to promote economic development.

Voter approval is not required.

TAX INCREMENT

Property tax revenues derived from the incremental assessed value increases from the redevelopment project area’s frozen tax base.

TERM BONDS

A bond issue in which the entire principal matures on one date. Term bonds also refer to a particularly large maturity of a bond issue that is created by aggregating a series of maturities. In the latter instance, provision is made for mandatory structuring fund installments in advance of the term bond's maturity to reduce the burden of a particular large debt service payment in any one fiscal year.

TRUE INTEREST COST (TIC)

An expression of the average interest cost in present value terms. The true interest cost is a more accurate measurement of the bond issue's effective interest cost and should be used to ascertain the best bid in a competitive sale.

UNDERWRITER'S COUNSEL

An attorney engaged by the underwriter(s) to represent its interests in a debt transaction. Generally, underwriter's counsel prepares the bond purchase agreement between the issuer and the underwriter and, when more than one underwriter is involved, the agreement among underwriters.

VARIABLE RATE BOND

A bond on which the interest rate is reset periodically, usually no less often than semi-annually. The interest rate is reset either by means of an auction or through an index.

VENDOR LEASES

A vendor of equipment acts as the lessor and investor, and holds the lease for its full term or may assign the lease.

The motivating factor to the vendor is usually to encourage future sales of its product.

YIELD CURVE

A graph that plots the market yields on securities with different maturities, at a given point in time. The vertical axis represents the yields, while the horizontal axis depicts the time to maturity. The term structure of interest rates, as reflected by the yield curve, will vary according to market conditions, resulting in a wide variety of yield curve configurations.

YIELD-TO-MATURITY

The rate of return that an investor will receive if the bond remains outstanding and the investor holds the bond to maturity. The investor must take into account the price paid for the bonds, the dates of purchase and maturity, and the coupon rate on the bonds. The "yield to maturity" assumes that interest payments will be re-invested at the same coupon rate borne by the bond.

ZERO COUPON

A bond that does not pay interest periodically. Investors receive interest on the scheduled principal maturity date of the obligation.

APPENDIX B: SPECIAL DISTRICT FINANCING PROCEDURES

This appendix outlines specific procedures for special district financing. Proposals must be initiated via an application process. The applicant shall pay all costs to evaluate the application and undertake the proceedings to consider the formation of the assessment district or the community facilities district.

DEPOSITS

Each application for the formation of an assessment district or a community facilities district shall be accompanied by an initial deposit in an amount to be determined by the City to be adequate to fund the evaluation of the application and undertake the proceedings to consider the formation of the assessment district or the community facilities district.

The City may, in its discretion, permit an applicant to make periodic deposits to cover such expenses rather than a single lump sum deposit; provided, however, no preformation costs shall be incurred by the City in excess of the amount then on deposit for such purposes.

If additional funds are required to pay required preformation costs, the City may make written demand upon the applicant for such additional funds and the applicant shall deposit such additional funds with the City within five (5) working days of the date of receipt of such demand.

Upon the depletion of the funds deposited by applicant for preformation costs, all proceedings shall be suspended until receipt by the City of such additional funds as the City may require.

PROJECT FISCAL FEASIBILITY

Project property "value-to-lien" ratios shall be based upon current bond market conditions as proposed by Finance Director under the advice of selected financial advisor or underwriter.

The property value shall be determined by an MAI (Member of the Appraisal Institute) appraiser selected by the City.

A market absorption study of the proposed development project by an independent consultant, chosen by the City, shall be required. The absorption study shall be used to determine if the financing of the public facilities is appropriate, given the timing of development and whether sufficient revenues will be generated by the project to retire the debt service.

With regard to community facilities districts, the proposed rate and method of apportionment of the special tax shall comply with the following criteria:

1. The primary emphasis of the special tax formula shall be equitable for the future property owner.

2. Special tax formulas shall provide for minimum special tax levels that satisfy the following expenses of a community facilities district:

   a. 110 percent gross debt service coverage for all bonded indebtedness;

   b. The projected administrative expenses of the community facilities district; and

   c. An amount equal to the differences between expected earnings on any escrow fund and the interest payments due on bonds of the community facilities district.

   d. Additionally, the special tax formula may provide for the following:

      I. Any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the community facilities district;

      II. The accumulation of funds reasonably required for future debt service;

      III. Amounts equal to projected delinquencies of special tax payments;

      IV. The cost of remarketing, credit enhancement, and liquidity facility fees;

      V. The cost of acquisition, construction, furnishing, or equipping of eligible public facilities;

      VI. Lease payments for existing or future public facilities;

      VII. Costs associated with the release of funds from an escrow account; and

      VIII. Any other costs or payments permitted by the Mello-Roos Act.

3. All property, not otherwise statutorily exempted, shall bear its appropriate share of the special tax liability.

   The sole source of revenues pledged to repay bonds issued for an assessment district or a community facilities district shall be the assessments or special taxes, as applicable, levied or authorized to be levied within such assessment district or community facilities district, proceeds of such bonds and reserve funds held under the applicable bond documents, the proceeds of foreclosure proceedings and additional security instruments provided at the time of issuance of such bonds.

   Neither the faith, credit or taxing power of the City shall be pledged to the payment of debt service on bonds issued for an assessment district or a community facilities district nor shall the City have any obligation to replenish any reserve fund established for any such bonds.

4. The projected ad valorem property tax and other direct and overlapping debt for the proposed development project, including the proposed maximum special tax, should not exceed two percent (2%) of the appraised value of each improved parcel upon completion of the improvements.

Any applicant shall be required to provide all information regarding the development of the property within the assessment district or community facilities district, including without limitation the financing plan for such development, which is necessary to ensure that the official statement for any bond issue complies with the requirements of Rule 15c2-12 of the Securities and Exchange Commission and all other applicable federal and state securities laws.

The City's Debt Management Committee, in conjunction with advisors retained by the City, shall determine whether the aggregate cost of public improvements and permitted indirect costs, allowable under statute, shall equal an amount that renders formation of a district, both economically cost-effective and efficient; and make a recommendation to the City Council accordingly.

The recommended issue shall be sized by the Finance Director, in conjunction with City financial advisors, and shall meet industry standards with respect to marketability.

Minimum bond issue size will be as determined by the Finance Director upon recommendation of the Debt Management Committee. In very general terms, the minimum bond issue size must be greater than $5.0 million to gain acceptable market access and to distribute the transaction costs appropriately.

PROJECT DISCLOSURE

Additionally, any applicant may, as determined by disclosure counsel, underwriter or underwriter's counsel be required to enter into a continuing disclosure agreement to provide such continuing disclosure, pertaining to the assessment district or community facilities district, the development thereof and the applicant, as necessary, to ensure ongoing compliance with the continuing disclosure requirements of Rule 15c2-12.

With respect to community facilities districts and assessment districts, full disclosure to prospective property owners of the special tax or assessment lien shall comply with applicable statutory authority.

The City, in its sole judgment, may require additional property owner notification if it deems such disclosure will assist subsequent property owners' awareness of the lien obligation.

FINANCING COVENANTS

All statements and materials related to the sale of special tax bonds (community facilities district) and improvement bonds (assessment district) shall emphasize and state that neither the faith, credit, nor the taxing power of the City of Rancho Palos Verdes is pledged to the repayment of the bonds, nor that there is an obligation of the City to

replenish the reserve fund from revenue sources other than special taxes, annual assessments or proceeds from foreclosure proceedings.

The City accepts no contingent liability for the debt service on no-commitment debt issued by special districts.

All terms and conditions of any bonds issued for any special district, including, without limitation, the sizing, timing, term, interest rates, discount redemption features, flow of funds, investment provisions and foreclosure covenants, shall be established by the City.

Each bond issue shall be structured to adequately protect bond owners and to avoid negatively affecting the bonding capacity or credit worthiness of the City.

Unless otherwise approved by the City Council, the following shall serve as minimum bond requirements:

A. A reserve fund shall be established for each bond issue to be funded out of the bond proceeds in an amount equal to 10% of the original proceeds of the bonds or such lessor amount as may be required by federal tax law.
B. Interest shall be capitalized for a bond issue only so long as necessary to place the assessments or special tax installments on the assessment roll; provided, however, interest may be capitalized for a term to be established at the discretion of the City Council on a case-by-case basis, not to exceed an aggregate of 18 months, taking into consideration the value-to-debt ratio, the expected timing of initial occupancies, expected absorption and build out of the project, the expected construction and completion schedule for the public improvements to be funded from the proceeds of the bond issue in question, the size of the bond issue, the development pro forma and the equity position of the applicant, and such other factors as the City Council my deem relevant.

In instances where multiple series of bonds are to be issued, the City shall determine what improvements shall be financed from the proceeds of each series of bonds.

PROJECT APPRAISAL

The definitions, standards, and assumptions to be used for appraisals shall be determined by the City staff on a case-by-case basis, with input from City consultants and applicants, and by reference to relevant materials and information promulgated by the State of California.

In any event, the value-to-lien ratio shall be determined based upon an appraisal by an independent MAI appraiser of the property within the proposed assessment district or community facilities district that will be subject to the levy of special taxes.

The appraisal shall be coordinated by and under the direction of the City.

<u>Definition of Appraisal</u>

An appraisal is a written statement independently and impartially prepared by a qualified appraiser setting forth an opinion of defined value of an adequately described property as of a specific date, supported by the presentation and analysis of relevant market information.

Standards of Appraisal

The format and level of documentation for an appraisal depends on the complexity of the appraisal.

A detailed appraisal shall be prepared for complex appraisals.

A detailed appraisal shall reflect nationally recognized appraisal standards, including to the extent appropriate, the Uniform Appraisal Standards for Federal Land Acquisition.

An appraisal must contain sufficient documentation, including valuation data and the appraiser's analysis of the data, to support the appraiser's opinion of value.

At a minimum, the appraisal shall contain the following items:

a. The purpose and/or the function of the appraisal, a definition of the estate being appraised, and a statement of the assumption and limiting conditions affecting the appraisal.

b. An adequate description of the physical characteristics of the property being appraised, i.e., localization, zoning, present use, and an analysis of the highest and best use.

c. All relevant and reliable approaches to value consistent with commonly accepted professional appraisal practices.

d. If a discounted cash flow analysis is used, it should be supported with at least one other valuation method such as a market approach using sales that are at the same stage of land development, if available.

e. If more than one approach is used, there shall be an analysis and reconciliation of approaches to value that is sufficient to support the appraiser's opinion of value.

f. A description of comparable sale, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing, and verification by a party involved in the transaction.

g. A statement of the value of the real property.

h. The effective date of valuation, date of appraisal, signature, and certification of the appraiser.

i. No appraiser or review appraiser shall have any interest direct or indirect in the real property being appraised for the City that would in any way conflict with the preparation or review of the appraisal.

j. Compensation for making an appraisal shall not be based on the amount of the valuation.

k. The valuation of property within a proposed assessment district or community facilities district should be based on each of the three (3) premises discussed below:

PREMISE NO. 1 – AS IS VALUE.

The total land within the proposed district is valued "as is":

a) With any existing infrastructure.

b) Without proposed infrastructure being financed.

c) With existing assessor parcel configuration.

d) With planned densities for residential land uses or with other planned development for non-residential land uses authorized by the City's general plan or specific plan, if any or, other approved land use entitlements applicable to such property.

PREMISE NO. 2 – PROJECT BUILD OUT VALUE.

The total land within the proposed district is valued under projected conditions:

a) With proposed infrastructure being financed completely.

b) With the planned densities for residential land uses and other planned development for non-residential land uses authorized by the City's general plan or specific plan, if any, and any other approved land use entitlements applicable to such property.

c) Land development is at the stage of being marketed to merchant builders or tentative tract maps ready to be filed, as applicable.

This is a projected value based on development plans predicated on market conditions continuing as projected.

PREMISE NO 3 – BULK LAND VALUE.

The total land within the proposed district is valued under projected conditions:

a) With proposed infrastructure being financed completely.

b) With existing parcel configuration.

c) Consideration planned densities allowed by the specific plan of the project.

This premise should consider a discounted or "quick sale" valuation considering time, costs, and the possibility of a per unit value based on the total size of the project.

Nothing contained in the foregoing premises shall prevent the appraiser from basing an appraisal of property proposed to be included in an assessment district or a community

facilities district on any other premise or premises which are deemed, in the professional judgment of the appraiser, to be more appropriate to a special use to which property is or is proposed to be made.

PROJECT CRITERIA

Special district financing shall be considered for development projects with land uses consistent with the goals of the General Plan and specific plans, through:

1. Major streets and arterial thoroughfares.
2. Master planned storm drain facilities.
3. Regional sewer and/or water facilities.
4. Reclaim water distribution system.
5. Parks or open space construction/dedication beyond that which is required to meet existing City standards.
6. Public safety facilities.
7. Other major public infrastructure or community facility improvements required as a result of the development or its impact on the community.

If the improvements provide benefit beyond the immediate area of the proposed development, then infrastructure and facility improvements may be prioritized and considered for inclusion into special districts. Indirect ("soft") costs for engineering and design associated with public improvement construction may be included within the district to the extent they can be attributed directly to the public improvements.

No other "soft" costs shall be financed through the district, other than that which is allowed by statutory regulations for assessment districts and community facilities districts.

The City Council shall authorize the issuance and sale of bonds for an assessment district or a community facilities district only if the City Council has previously determined that:

1. The aggregate value of the real property within the District that will be subject to the assessment or special tax to pay debt service on the bonds will be at least three (3) times the applicable Public Lien Amount (defined below).
2. For each common ownership of undeveloped property that will be subject to the assessment or special tax to pay debt service on the bonds, the aggregate value of all such undeveloped property under such common ownership will be at least three (3) times the Public Lien Amount apportioned to such properties.
3. The value of each parcel of undeveloped property that will be subject to the special tax to pay debt service on the bonds will be at least two (2) times the Public Lien Amount apportioned to such parcel.

The “Public Lien Amount” shall mean the principal amount of the bond issue proposed to be issued for the assessment district or community facilities district, plus the principal amount of all other bonds outstanding that are secured by a special tax levied pursuant to the Mello-Roos Act or a fixed lien assessment levied on property with the assessment district or community facilities district for which the bonds are proposed to be issued.

An exception to one or more of the above determinations may be approved if the City Council finds and determines that the proposed bonds do not present any unusual credit risk due to the availability of credit enhancements or for other reasons specified by the City Council, or as indicated by a four-fifths vote of the City Council that the proposed bond issue should proceed for specified public policy reasons.

Other project elements that may determine the viability and desirability of special district financing may include factors such as ownership composition, geographical isolation or other pertinent economic or demographic factors that would enhance community development in accordance with established City goals and objectives.

A land use project, exclusively residential, without public improvement contributions, which meets the intent and philosophy of this policy, shall not warrant consideration for special districts financing.

PROCEDURES FOR APPLICATION AND APPROVAL

These procedures are subject to administrative amendment as necessary by the City Manager.

A. Pre-Application Conference:

1. Applicant should contact the Public Works Department.

   Applicant will meet with Public Works staff to discuss the proposed project and application procedures.

B. Application Submission:

   Applicant submits an initial application, a processing fee to be determined by the City, and 1% of the estimated bond issue cost.

C. Application Review:

   Public Works staff prepares and submits an application analysis packet to the Debt Management Committee for review and discussion.

D. Application Process Funding:

   Upon application approval by the Debt Management Committee, Public Works staff will process and secure an Advance Funding Reimbursement Agreement and funds from the applicant. The amount of funds from each applicant will be individually determined by Finance Director and Public

Works staff based upon the complexities of the proposed financing and district administration.

Formation proceedings will not progress until the applicant's funds are on deposit with the City.

E. Formation Proceedings:

1. Public Works/Finance staff will:

   a. Process consultant agreements for special services as selected and determined by the Debt Management Committee, and coordinate City Council review/approval of consultant agreements.

   b. Coordinate receipt of project information from applicant and applicant's consultants/engineers.

   c. Coordinate consultant services for the City.

   d. Coordinate City Council review/approval of the financing district.

F. Formation Approval:

City Council grants or denies district formation.

G. Bond Sale:

Finance Director coordinates bond sale and all underwriter activities, financial management, structuring, and trustee activity.

H. Construction Management/Acquisition:

Public Works staff coordinates and administers all public infrastructure construction and acquisition of improvements.

CONTENT OF APPLICATION

A. Project Owner Information:

1. Company name, and DBAs if applicable.
2. Form of ownership (e.g. corporation or partnership), and descriptions of affiliations with other organizations.
3. Mailing address, primary operating address, and phone numbers.
4. List of officers, home addresses and other business affiliations.
5. List of equity owners with a share of 10% or more, with home addresses.
6. If publicly held, indicate applicable stock exchange.
7. If partnership, list General and Limited Partners and interest owned by each.

8. If trust, list name, home address and percentage equity for all beneficiaries.
9. Name, address, phone number and email address of officer to whom all notices and communications concerning the project should be sent.
10. Principal bank(s) of account with name and phone number of contact person.
11. Name, address, phone number and email address for:
    a. Counsel to applicant.
    b. Bond counsel on proposed project.
    c. Investment banker for proposed project.
12. History of past tax-exempt financing transactions, including default history, if applicable.
13. Express statement regarding whether the firm or any of its principals are currently or in the past 10 years been engaged in any litigation involving financing of the type and nature being proposed to the City. If applicable, include the names of the principals and details of the litigation.

B. Proposed Project:

1. Brief narrative explanation of why project is being undertaken.
2. Narrative description of proposed project, including renderings if available.
3. Proposed facilities to be constructed with bond proceeds.
4. Express statement about whether the applicant now owns the site of the proposed facility; and if not, whether the applicant has entered into an option or commitment or other agreement to purchase it.
5. Estimated useful life of buildings, equipment, or off-site improvements.
6. Express statement about whether the project involves, in whole or in part, residential real property, sports facilities, commercial property, health care facilities, manufacturing facilities, entertainment facilities, or industrial land development activities. Include explanations for any applicable facilities.
7. Estimated dates for start and completion of facility construction.

C. Cost of the Project:

State the costs reasonably necessary for the acquisition or construction of the proposed project together with any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or apportionment facilities.

1. Land and facilities.
2. Architectural and engineering.
3. Construction costs.
4. Interest during construction.
5. Financing, legal and miscellaneous costs.
6. Contingency, if appropriate.

D. Significant Public Benefits:

Include a description of the significant public benefits that will arise from the issuance of bonds in the maximum amount proposed in the application.

1. Employment creation/displacement.
2. Energy, mineral, or natural or cultivated resource conservation.
    a. Estimate of increased utilization of resources.
    b. Estimate of increases in cost to the public due to increased utilization.
3. Describe any adverse environmental impacts due to the construction or completion of the project, including additional waste disposal. Include estimates and copies of any required Environmental Impact Reports.

CITY COUNCIL POLICY

NUMBER: 53

DATE ADOPTED/AMENDED: 6/16/15

SUBJECT: Non-Profit Wireless Telecommunications Facilities on City Properties

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POLICY:

The City Council desires to support the internal communications needs of non-profit organizations by considering the placement of wireless telecommunications facilities on City properties. At the same time, however, the City Council desires to protect the aesthetics of City properties and the views of surrounding property owners, as well an insuring that such facilities are installed in compliance with the City's zoning and building codes. Therefore, the City Council has established this policy for the consideration of such requests on a case-by-case basis. Decisions whether to grant or deny such requests are within the sole and absolute discretion of the City Council.

Wireless telecommunications facilities for non-profit organizations may be permitted on certain City-owned properties (City park sites and City Hall) subject to compliance with the following criteria:

1. For purposes of this policy, City-owned properties do not include unimproved park sites or properties that are located within the City's street rights-of-way or within the Palos Verdes Nature Preserve. In addition, the City Council may determine that a particular property is not suitable for the placement of wireless telecommunications facilities pursuant to this policy.
2. For the purposes of this policy, "non-profit organization" shall include <u>only</u> non-governmental organizations that are registered as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Public and private utility providers, commercial wireless voice, two-way radio and/or broadband data service providers and non-governmental organizations that are registered as tax-exempt pursuant to provisions of the Internal Revenue Code other than Section 501(c)(3) are <u>not eligible</u> for consideration under this policy.
3. For the purposes of this policy, "wireless telecommunications facility" shall include both antennae and related support equipment. The wireless telecommunications facility shall be used <u>only</u> for internal communications and connectivity among the non-profit organization and its members, employees, participants, or agents, and <u>not</u> for use by the general public or

by any other entity, other than in an emergency. The wireless telecommunications facility shall not be deemed a "commercial antenna," as defined in Section 17.76.020(A) of the Rancho Palos Verdes Municipal Code.

4. No more than two (2) wireless telecommunications facilities may be permitted on any single City property. Space for such facilities is available on a "first come, first served" basis.
5. External antennae shall not exceed one (1) meter in length or diameter.
6. External antennae shall be mounted to an existing City building or structure and shall not exceed the height of the existing roof eave, parapet or highest point of the structure. Antennae shall not be readily visible nor create adverse impacts upon views from adjacent properties. Antennae shall not be directed towards structures located on City properties or towards structures located on adjacent properties. Freestanding external antennae shall not qualify for consideration pursuant to this policy.
7. Support equipment shall be located inside of existing City buildings or structures, in a manner that does not conflict with the primary use of the building or structure by the City and/or its contractors, lessees or assigns. New buildings or structures shall not be erected on City property to contain support equipment pursuant to this policy.
8. Non-profit organizations shall be fully responsible for the cost of the installation, operation and maintenance of wireless telecommunications facilities permitted pursuant to this policy, with the exception of negligible costs for electrical power that may be provided by the City in its sole discretion.
9. The City and the non-profit organization shall execute a license agreement, approved by the City Council, to establish the terms of the use of City property, including compensation to the City (if any). The license agreement may be revoked by the City Council at any time.
10. The non-profit organization shall obtain approval from the Planning and Building & Safety divisions in the City's Community Development Department for permits for the installation of the wireless telecommunications facility. Fees for said permits may be waived in accordance with existing City codes, policies and procedures.
11. The non-profit organization shall coordinate with the Public Works Department for access to City property for installation and maintenance of the wireless telecommunication facility.

BACKGROUND:

From time to time, the City of Rancho Palos Verdes receives requests from non-profit organizations for permission to install wireless telecommunications facilities for their own internal use on City property. Such facilities are often exempt from

the requirement for the approval of a conditional use permit (CUP) approved by the Planning Commission, since they do not meet the City's definition of "commercial" antennae. However, Staff-level planning review and building permits would still be needed to ensure that the antennae and equipment will not adversely affect views or aesthetics, and that they are installed at and attached to City property in accordance with the City's Building Code. Therefore, this policy establishes a procedure by which such requests may be considered by the City Council.